OFFICIAL STATEMENT DATED MARCH 11, 1992

NEW ISSUE

Rating: Requested from Moody's Investors Service

In the opinion of Bond Counsel, according to present State of Minnesota and federal laws, regulations and rulings, assuming compliance with certain covenants, the interest on the Bonds is not includable in gross income for federal income tax purposes or in taxable income of individuals, estates and trusts for State of Minnesota income tax purposes, and is not an item of tax preference in determining federal or Minnesota alternative minimum tax applicable to individuals. Interest on the Bonds is subject to the State of Minnesota franchise tax applicable to corporations, including financial institutions, and is includable in the calculation of certain federal taxes imposed on corporations. The Bonds will not be designated as "qualified tax-exempt obligations "within the meaning of Section 265(b)(3) of the Internal Revenue Code. (See "Tax Exemption.")

$10,200,000

Minnesota Higher Education Facilities Authority

Revenue Bonds, Series Three-I

(University of St. Thomas)

Dated Date: April 1, 1992

Interest Due: April 1 and October 1, commencing October 1, 1992

The Bonds will mature annually on October 1 as follows:

1993	$350,000	1997	$ 900,000	2001	$1,125,000
1994	$675,000	1998	$ 950,000	2002	$1,200,000
1995	$825,000	1999	$1,000,000	2003	$1,250,000
1996	$875,000	2000	$1,050,000		

The Bonds will only be subject to optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and Indenture and in the event of a Determination of Taxability, as described herein.

The Bonds will be issued in integral multiples of $5,000, and are fully registered as to principal and interest. Norwest Bank Minnesota, National Association, Minneapolis, Minnesota will act as Trustee, Registrar and Paying Agent.

The Bonds are special obligations of the Authority payable solely from Loan Repayments made by or on behalf of the University of St. Thomas, Saint Paul, Minnesota (the "University") pursuant to a Loan Agreement between the Authority and the University, or out of other amounts pledged pursuant to the Indenture, as described herein. The Loan Repayments will be a general obligation of the University.

THE BONDS SHALL NOT BE LEGAL OR MORAL OBLIGATIONS OF THE STATE OF MINNESOTA NOR CONSTITUTE A DEBT FOR WHICH THE FAITH AND CREDIT OF THE AUTHORITY OR THE STATE OF MINNESOTA, OR THE TAXING POWERS OF THE STATE, ARE PLEDGED. THE AUTHORITY HAS NO TAXING POWERS.

The Bonds are offered when , as and if issued by the Authority subject to the approval of legality by Faegre & Benson, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon by Moore, Costello & Hart, Saint Paul, Minnesota, counsel to the University. Bonds are expected to be available for delivery on or about April 21, 1992.

Prior to the award of sale of the Bonds, the Bonds will have been registered for sale at a price not greater than 102% with the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes; however, the Underwriters of the Bonds shall be required to provide a schedule of reoffering prices and yields with respect to the Bonds and shall agree not to sell (but may offer) any of the Bonds to Minnesota buyers at a price greater than 102% until the Bonds have been re-registered for sale at such higher price by the Department of Commerce, as more fully provided in the Terms and Conditions of Contract of Sale.

This cover page contains certain information for quick reference only. It is not a summary of this Issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

BID OPENING: March 25, 1992 (Wednesday) at 11:00 A.M., Central Time
AWARD: March 25, 1992 (Wednesday) at 2:00 P.M., Central Time

SPRINGSTED
PUBLIC FINANCE ADVISORS

Further information may be obtained from SPRINGSTED Incorporated, Financial Advisor to the Issuer, 85 East Seventh Place, Suite 100, Saint Paul, Minnesota 55101 (612) 223-3000.

This Official Statement constitutes a "near-final" Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission and, when supplemented by an addendum prepared by the Authority or Springsted Incorporated as its financial advisor and specifying the maturity dates, principal amounts and interest rates of the Bonds together with certain additional information as more fully provided in Section 3 of the Terms and Conditions of Contract of Sale (the "Terms and Conditions") set forth on the Official Bid Form to be executed by the Authority and the Purchaser in connection with the sale of the Bonds, shall constitute a "Final Official Statement" of the Authority as that term is defined in Rule 15c2-12. Any such addendum shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference.

No dealer, broker, salesman or other person has been authorized by the Authority or the University to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by either the Authority or the University. The information contained herein, except as it relates to the Authority, has been obtained from the University and is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY OR THE UNIVERSITY SINCE THE DATE THEREOF.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

Reference is made to the Official Terms of Offering set forth in this Official Statement and the Terms and Conditions for information relating to registration and reoffering the Bonds under the Minnesota Securities Act and certain obligations of the Authority and the Underwriters with respect to the preparation and delivery of the Final Official Statement.

The Bonds have not been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, and there shall not be any sale of the Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale. The registration or qualification of these securities in accordance with applicable provisions of securities laws of the jurisdictions in which the Bonds may be registered or qualified and the exemption from registration or qualification in other jurisdictions shall not be regarded as a recommendation thereof. Neither these jurisdictions nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Certain of the parties involved in this financing have agreed to indemnify certain other parties for any untrue statement of a material fact contained in this Official Statement or any omission to state a material fact necessary to be stated in this Official Statement in order to make the statements contained herein not misleading.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request.

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MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

OFFICIAL TERMS OF OFFERING

$10,200,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES THREE-I

(University of St. Thomas)

Sealed bids for the Bonds will be received and will be opened by Dr. Joseph E. LaBelle, Executive Director, Minnesota Higher Education Facilities Authority (the "Authority") or his duly appointed representative on Wednesday, March 25, 1992 at 11:00 A.M., Central Time, at Suite 450, Galtier Plaza, 175 East Fifth Street, Saint Paul, Minnesota 55101, telephone (612) 296-4690. Consideration for award of the Bonds will be by the Board of the Authority at its meeting at 2:00 P.M., Central Time, of the same day.

DETAILS OF THE BONDS

The Bonds will be dated April 1, 1992, as the date of original issue, and will bear interest payable on April 1 and October 1 of each year, commencing October 1, 1992. Interest will be computed upon the basis of a 360-day year of 12 30-day months and will be rounded pursuant to rules of the MSRB. The Bonds will be issued in the denomination of $5,000 each, or in integral multiples thereof as requested by the Purchaser, and fully registered as to principal and interest. Principal will be payable at the main corporate office of the Trustee and interest on each Bond will be payable by check or draft of the Trustee mailed to the registered holder thereof at his address as it appears on the books of the Trustee as of the 15th day of the calendar month next preceding the interest payment.

The Bonds will mature annually on October 1 in the amounts and years as follows:

1993	$350,000	1997	$ 900,000	2001	$1,125,000
1994	$675,000	1998	$ 950,000	2002	$1,200,000
1995	$825,000	1999	$1,000,000	2003	$1,250,000
1996	$875,000	2000	$1,050,000		

The Bonds will bear additional interest at a rate of 2.00% per annum in the event of a Determination of Taxability as described in the Loan Agreement and the Trust Indenture.

OPTIONAL REDEMPTION

The Bonds are not subject to redemption prior to maturity, except in the following events. The Bonds are subject to redemption in whole on any date or in part on any interest payment date in certain events of damage or destruction described in a Loan Agreement between the University and the Authority and a Trust Indenture between the Authority and the Trustee, or in the event of a Determination of Taxability as defined therein. All prepayments shall be at a price of par and accrued interest. If in part, redemption may be in any maturity or maturities as the University shall direct and by lot within a maturity in integral multiples of $5,000.

SECURITY AND PURPOSE

The Bonds will be special obligations of the Authority payable solely from payments made by or on behalf of the University pursuant to the Loan Agreement or from other amounts pledged therefor pursuant to the Trust Indenture. Pursuant to the Loan Agreement, loan repayments sufficient to pay principal, premium (if any) and interest on the Bonds when due are a full faith and credit obligation of the University. The Bonds are additionally secured by a debt service reserve in an amount equal to 10% of the principal amount of the Bonds, unless such amount exceeds 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale) in which case the debt service reserve will be in the amount of such lesser sum. **The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit of the Authority, or the State of Minnesota, or the taxing powers of the State, are pledged.** The Authority has no taxing powers. The proceeds will be used for (i) the acquisition and installment of a telecommunications system on the Minneapolis and St. Paul campuses of the University, (ii) the replacement and renovation of two boilers and related equipment on the St. Paul campus and (iii) the construction, furnishing and equipping of an approximately 15,000 square foot addition to the physical plant headquarters on the St. Paul campus, each including appurtenant site improvements.

TYPE OF BID

A sealed bid for not less than $10,080,000 and accrued interest on the total principal amount of the Bonds shall be filed by an eligible bidder with the undersigned on the Official Bid Form prior to the time set for the opening of bids. Bids shall be accompanied by a good faith deposit ("Deposit") in the form of a certified or cashier's check or a financial surety bond in the amount of $102,000, payable to the order of the Authority. If a check is used, it must accompany each bid. If a financial surety bond is used, it must be from an insurance company licensed to issue such a bond in the State of Minnesota, and preapproved by the Authority. Such bond must be submitted to Springsted Incorporated prior to the opening of the bids. The financial surety bond must identify each bidder whose Deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder using a financial surety bond, then that purchaser is required to submit its Deposit to Springsted Incorporated in the form of a certified or cashier's check or wire transfer as instructed by Springsted Incorporated not later than 3:30 P.M., Central Time, on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn by the Authority to satisfy the Deposit requirement. The Authority will deposit the check of the purchaser, the amount of which will be deducted at settlement and no interest will accrue to the purchaser. In the event the purchaser fails to comply with the accepted bid, said amount will be retained by the Authority. No bid can be withdrawn after the time set for receiving bids unless the meeting of the Authority scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates offered by bidders shall be in integral multiples of 5/100 or 1/8 of 1%. No basic rate of interest specified for a maturity shall exceed the basic rate of interest specified for any subsequent maturity. Bonds of the same maturity shall bear a single basic rate from the date of the Bonds to the date of maturity.

AWARD

Subject to the Authority's reservation of rights as described below, the Bonds will be awarded to the bidder offering the lowest dollar interest cost to be determined by the deduction of the premium, if any, from, or the addition of any amount less than par to, the total dollar interest on the Bonds from their date to their final scheduled maturity. In accordance with the Authority's customary practice, the computation of the total net dollar interest cost of each bid, in accordance with customary practice, will be controlling.

The Authority reserves the right to: (i) waive non-substantive informalities of any bid or of matters relating to the receipt of bids and award of the Bonds, (ii) reject all bids without cause, or, (iii) reject any bid which the Authority determines to have failed to comply with the terms herein.

TERMS AND CONDITIONS OF CONTRACT OF SALE

In addition to the provisions of the Official Terms of Offering, the sale of the Bonds will be subject to the Terms and Conditions of Contract of Sale set forth on the Official Bid Form. Reference is made to the Official Bid Form for a complete statement of the Terms and Conditions of Contract of Sale.

REOFFERING OF BONDS

Prior to the award of sale of the Bonds, the Bonds will have been registered for sale at a price not greater than 102% of par with the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes; however, the Underwriters of the Bonds shall be required to provide a schedule of reoffering prices and yields with respect to the Bonds and shall agree not to sell (but may offer) any of the Bonds to Minnesota buyers at a price greater than 102% of par until the Bonds have been re-registered for sale at such higher price by the Department of Commerce, as more fully provided in the Terms and Conditions of Contract of Sale set forth on the Official Bid Form to be executed by the Authority and the Underwriters in connection with the sale of the Bonds.

BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Authority has requested and received a rating on the Bonds from a rating agency, the Authority will pay the fee for the requested rating. Any other rating agency fees shall be the responsibility of the Purchaser.

Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds.

TRUSTEE/REGISTRAR/PAYING AGENT

The Trustee will be Norwest Bank Minnesota, National Association, Minneapolis, Minnesota, which shall also act as Registrar and Paying Agent.

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

OFFICIAL STATEMENT

The Authority has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will be distributed and designated as a "near-final" Official Statement as required by Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement and the Official Bid Form or for any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor of the Authority, Springsted Incorporated, 85 East Seventh Place, Suite 100, Saint Paul, Minnesota 55101, telephone (612) 223-3000.

The Official Statement, when supplemented by an addendum prepared by the Authority or its Financial Advisor and specifying the maturity dates, principal amounts and interest rates of the Bonds, together with certain additional information as more fully described in Section 3 of the Terms and Conditions of Contract of Sale (the "Terms and Conditions") set forth on the Official Bid Form to be executed by the Authority and the purchaser or purchasers (the "Underwriters") of the Bonds, shall constitute a "Final Official Statement" of the Authority, as that term is defined in Rule 15c2-12. Pursuant to the Terms and Conditions, the Authority shall agree that, no more than seven business days after the award of sale of the Bonds (unless the Underwriters fail to comply with the obligation to provide certain information as required by Section 1 of the Terms and Conditions), it shall provide without cost to the Underwriters c/o the account manager 400 copies of such Final Official Statement and shall designate the account manager as its agent for purposes of distributing copies of the Final Official Statement to each of the Underwriters named on the Official Bid Form.

SETTLEMENT

It is expected that on or about April 21, 1992, the Bonds will be delivered without cost to the Purchaser at the office of the Authority or at such other place mutually satisfactory to the Authority and the Purchaser. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Faegre & Benson of Minneapolis, Minnesota, as to the validity and exemption of the Bonds from federal and State of Minnesota income tax, which opinion will be printed on the Bonds, and of customary closing papers, including a no-litigation certificate and a certificate pertaining to information in the Official Statement. Certain legal matters will be passed on for the University by its counsel, Moore, Costello & Hart, Saint Paul, Minnesota. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the Trustee not later than 12:00 Noon, Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the Authority, or its agents, the Purchaser shall be liable to the Authority for any loss suffered by the Authority by reason of the Purchaser's non-compliance with said terms of payment.

Dated February 26, 1992

BY ORDER OF THE MINNESOTA HIGHER
EDUCATION FACILITIES AUTHORITY

/s/ Joseph E. LaBelle
Executive Director

SCHEDULE OF BOND YEARS

$10,200,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES THREE-I

Year	Principal	Bond Years	Cumulative Bond Years	
1993	$350,000	525.0000	525.0000	______
1994	$675,000	1,687.5000	2,212.5000	______
1995	$825,000	2,887.5000	5,100.0000	______
1996	$875,000	3,937.5000	9,037.5000	______
1997	$900,000	4,950.0000	13,987.5000	______
1998	$950,000	6,175.0000	20,162.5000	______
1999	$1,000,000	7,500.0000	27,662.5000	______
2000	$1,050,000	8,925.0000	36,587.5000	______
2001	$1,125,000	10,687.5000	47,275.0000	______
2002	$1,200,000	12,600.0000	59,875.0000	______
2003	$1,250,000	14,375.0000	74,250.0000	______

Average Maturity: 7.28 Years

Bonds Dated: April 1, 1992

Interest Due: October 1, 1992 and each April 1 and October 1 to maturity.

Principal Due: October 1, 1993-2003 inclusive.

Optional Call: None. (See Official Tems of Offering.)

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OFFICIAL STATEMENT

$10,200,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES THREE-I
(University of St. Thomas)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and the University of St. Thomas (the "University"), an institution of higher education with its main office located in Saint Paul, Minnesota, in connection with the issuance of the Authority's $10,200,000 Revenue Bonds, Series Three-I (University of St. Thomas), (the "Bonds", the "Series Three-I Bonds" or the "Issue").

The Bonds are being issued pursuant to the provisions of Sections 136A.25 to 136A.42, Minnesota Statutes, as amended, by the provisions of which the Authority was created and authorized to issue its obligations to assist institutions of higher education within the State of Minnesota to finance certain projects.

The Bonds are also issued pursuant to the Trust Indenture between the Authority and Norwest Bank Minnesota, National Association, Minneapolis, Minnesota as trustee (the "Trustee"). The Trustee will also be the Registrar and Paying Agent for the Issue.

Pursuant to a Loan Agreement between the University and the Authority, the University will covenant as a general obligation of the University to make Loan Repayments and deposits in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The proceeds of the Issue will be loaned to the University by the Authority for (i) the acquisition and installation of a telecommunications system on the Minneapolis and St. Paul campuses of the University, (ii) the replacement and renovation of two boilers and related equipment on the St. Paul campus and (iii) the construction, furnishing and equipping of an approximately 15,000 square foot addition to the physical plant headquarters on the St. Paul campus to include trade shops, a recycling center and warehouse and storage space, each including appurtenant site improvements, all to be owned and operated by the University as more fully described in "THE PROJECT," page 7 herein.

The Bonds are general obligations of the University, secured by a pledge from the Authority to the Trustee of the Loan Repayments to be made by the University and by a Reserve Account.

The Reserve Account will be funded in the amount of 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale), (the "Reserve Requirement").

The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit of the Authority or the State of Minnesota or the taxing powers of the State are pledged. The Authority has no taxing powers.

The Bonds are not secured by the Authority's General Bond Reserve Account.

The foregoing Introductory Statement is a summary only. For more specific explanations, reference should be made to the following pages and appendices of this Official Statement.

RISK FACTORS

No person should purchase Bonds without carefully reviewing the following information which sets forth some, but not all, of the factors which may affect the Owners' receipt of payments of the principal of or interest on the Bonds.

Risk of Insufficient Collateral

The Bonds are secured by (a) a pledge by the Authority to the Trustee of amounts payable by the University under the Loan Agreement, and (b) a Reserve Account which will be held by the Trustee and applied to the payment of principal and interest on the Bonds. If the University should be unable to pay the amounts due under the Loan Agreement, the Reserve Account will not likely be sufficient to pay the principal of or interest on the Bonds.

Adequacy of Revenues

Payment of principal of and interest on the Bonds is intended to be made principally from Loan Repayments of the University. The University's ability to make Loan Repayments will be dependent on its ability to receive sufficient unrestricted revenues in excess of expenditures. Such revenues and expenditures are subject to conditions and factors, many of which are beyond the control of the University and may change in the future to an extent that cannot be presently determined.

Dependence on Tuition and Enrollment

The adequacy of University revenues will be largely dependent on the amount of future tuition revenue received by the University. Such revenue in turn will depend primarily on the ability of the University to charge sufficient rates for tuition and to maintain enrollment levels. Future enrollment levels will depend in part on the number of students applying to the University. A number of factors, including, without limitation, increases in University tuition rates, competition from other colleges and universities, a decline in the number of college age students generally (which is expected for the near future), and adverse general economic conditions will influence the number of applicants to the University.

Financial Aid

Approximately 70% of the University's undergraduate students currently receive some Federal or State financial aid covering tuition and fees or living expenses. No assurance can be given that Federal and State financial aid will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the University's revenues.

Damage or Destruction

Although the University will be required to obtain certain insurance as set forth in the Loan Agreement, there can be no assurance that the University will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss will not exceed the coverage of such insurance policies.

Nature of Pro Forma Debt Service Coverage

Certain historical operating revenue for the University and computed pro forma debt service coverage is provided in APPENDIX I under the caption "Long-Term Debt Service and Pro Forma Coverage." The pro forma coverage assumes current levels of University debt and revenue available to pay debt, which may not in fact occur in the future. The pro forma coverage is merely an illustrative computation as reflected in the applicable table, and constitutes no assurance as to the future sufficiency of University revenues to satisfy University operating costs and Bond and other debt service requirements.

Limited Obligation

No entity or person other than the University is, or shall be, in any way liable or responsible for any payments to be made under the Loan Agreement, the Trust Indenture or the Bonds or the other obligations of the University. Accordingly for payment of principal of and interest on the Bonds, holders of the Bonds must look solely to the security under the Loan Agreement and the Indenture.

Bankruptcy

The ability of the Trustee to exercise rights under the Loan Agreement and the Indenture may be limited by bankruptcy, insolvency, reorganization or other similar laws or equitable principles related to or affecting the enforcement of creditors' rights generally.

Other Possible Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the University:

(1) Reinstatement of or establishment of mandatory governmental wage and price controls.

(2) Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, without being able to obtain corresponding increases in revenues.

(3) Employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without corresponding increase in revenues.

(4) Adoption of Federal, State or local legislation or regulations having an adverse effect on the future operating or financial performance of the University.

THE BONDS

The Bonds will be dated April 1, 1992 and will mature annually each October 1, commencing October 1, 1993, as set forth on the cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing in any maturity, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each April 1 and October 1, commencing October 1, 1992.

The Bonds will be registered at the principal corporate trust office of Norwest Bank Minnesota, National Association, Minneapolis, Minnesota, as Trustee; the Trustee will also be the Registrar and Paying Agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Owner thereof or the Owner's authorized attorney satisfactory to the Trustee, subject to such reasonable regulations as the Trustee may prescribe, and shall be without expense to the Owner, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for new Bonds of the same maturity which may be of any authorized denominations so long as the aggregate principal amount thereof equals the aggregate principal sum of the Bonds surrendered. Payment of principal will be at the principal corporate trust office of the Trustee and payment of interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Authority.

Transfers shall not be made with respect to any Bonds called for redemption or during any period within fifteen days next prior to the required date for mailing or publication of notice of such redemption.

Interest on any Bond which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the person in whose name the Bond is registered at the close of business on the 15th day (whether or not a Business Day) of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any interest payment date shall forthwith cease to be payable to the registered Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such defaulted interest may be paid by the Trustee on a "Special Record Date," as follows:

(a) Subject to the provisions of Article VII of the Indenture relating to application of money upon the occurrence of an Event of Default, upon receipt by the Trustee of any defaulted interest, the Trustee shall fix a Special Record Date for the payment of such defaulted interest which shall not be more than fifteen days nor less than ten days prior to the date of the payment set by the Trustee in its discretion, but not less than ten days after the receipt by the Trustee of such defaulted interest. The Trustee shall promptly notify the Authority of such Special Record Date and, in the name of the Authority, shall cause notice of the proposed payment of such defaulted interest and the Special Record Date therefor to be mailed first class postage prepaid, to each Holder at his address as it appears on the registration books on a date determined by the Trustee, but not less than ten days prior to such Special Record Date. The Trustee may, in its discretion in the name of the Authority, cause a similar notice to be published at least once in a Financial Journal, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such defaulted interest and the Special Record Date therefor having been mailed as aforesaid, such defaulted interest shall be paid to the registered Owners on such Special Record Date and shall no longer be payable pursuant to the following paragraph (b).

(b) Subject to the provisions of Article VII of the Indenture, the Trustee may make payment of any defaulted interest on the Bonds in any other lawful manner, if after notice given to the Authority by the Trustee of the proposed payment pursuant to this paragraph (b), such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions, each Bond delivered under the Indenture upon transfer of, or in exchange for, or in lieu of, any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Prior Redemption

The Bonds will only be subject to optional redemption at par and accrued interest in integral multiples of $5,000, as a whole on any date or in part on any interest payment date, in certain cases of damage to or destruction or condemnation of the Project Facilities, and on the next practicable date and any date thereafter upon a Determination of Taxability as provided in the Loan Agreement.

Partial Redemption

In the case of Bonds of denominations greater than $5,000, if less than all of such Bonds then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of principal amount shall be treated as though it was a separate Bond of the denomination of $5,000 bearing the number borne by such fully registered Bond and a subnumber assigned by the Trustee. If it is determined that one or more, but not all of the $5,000 units of principal amount represented by any such Bond is to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units, the Owner of such fully registered Bond shall forthwith surrender such Bond to the Trustee for (1) payment of the redemption price of the $5,000 unit or units of principal amount called for redemption and (2) exchange for a new Bond or Bonds of the aggregate principal amount of the unredeemed balance of the principal amount of such Bond which shall be issued to the registered Owner thereof, without charge therefor. If the Owner of any such Bond of a denomination greater than $5,000 shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of principal amount called for redemption (and to that extent only). Interest shall cease to accrue on the portion of the principal amount of such Bond represented by such $5,000 unit or units of principal amount on and after the date fixed for redemption provided that funds sufficient for payment of the redemption price shall have been deposited with the Trustee and shall be available for the redemption of said $5,000 unit or units on the date fixed for redemption, and in such event, such Bond shall not be entitled to the benefit or security of the Indenture or the Loan Agreement to the extent of the portion of its principal amount (and accrued interest to the date fixed for redemption and applicable premium, if any) represented by such $5,000 unit or units of principal amount, nor shall new Bonds be thereafter issued corresponding to said unit or units.

Notice of Redemption

Notice of any redemption shall be mailed to the registered Owners at their addresses shown on the registration books of the Authority and maintained by the Trustee not less than thirty days, and if more than 60 days, then again not less than 30 nor more than 60 days, before the date fixed for such payment. If moneys are available at the office of the Trustee to pay the redemption price on the date of redemption, any Bonds thus called shall not bear interest after the call date and, except for the purpose of payment by application of the funds so deposited, shall no longer be secured by the Indenture.

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code and regulations thereunder in effect on the date of issuance, the Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic interest rate from the Date of Taxability effective until the respective dates on which the principal of the Bonds is paid. See "Tax Exemption" on pages 12 through 14 and Appendix III, "DEFINITION OF CERTAIN TERMS."

The University will have the option to prepay the Loan as a whole or in part from the first practicable date, following a Determination of Taxability at a price of par and accrued interest (including additional interest from the Date of Taxability).

Additional Bonds

In addition to the Bonds, the Authority may in its discretion and with the consent of the University issue Additional Bonds (i) to provide funds to complete the Project, or (ii) to refund all or any series or portion of series of the then outstanding Bonds, or (iii) to provide funds for improvements to or alterations, repairs or replacement of the Project Facilities or (iv) for another project or projects, as defined in and authorized by the Act, provided that no such Additional Bonds will be issued under the Indenture or secured by the Trust Estate on a parity with the Bonds then outstanding unless:

1. The exclusion of interest on the outstanding Bonds from gross income of the holders of the Bonds for purposes of federal income taxation under the Code shall not be jeopardized by the issuance of the Additional Bonds.

2. Supplements to the Loan Agreement and Indenture are executed and delivered describing the Additional Bonds as additional indebtedness secured thereby.

3. No Default or Event of Default on the part of the University exists under the Loan Agreement .

4. The University furnishes evidence satisfactory to the Authority of the University's ability to meet debt service on the Additional Bonds and, to the extent required by the Authority, deposits additional monies or investments in the Reserve Account, to be held by the Trustee under the Indenture in such amount and value as the Authority may require, and executes supplements to the Loan Agreement and the Indenture.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	
Bond Proceeds	$10,200,000
Investment Earnings	100,000
Total	$10,300,000
Uses:	
Project Costs:	
Telecommunications System	$ 6,300,000
Boiler Replacement	1,700,000
Physical Plant Building Expansion	1,100,000
Debt Service Reserve	1,020,000
Costs of Issuance	78,000
Allowance for Discount Bidding	102,000
Total Uses	$10,300,000

In the event issuance costs including underwriter's discount exceed 2% of the proceeds of the Bonds, defined as par less original issue discount according to the reoffering scale, such excess shall be paid by the College from other than Bond proceeds.

Accrued interest received at Bond Closing will be deposited into the Bond and Interest Sinking Fund Account and applied as a credit against the amount to be deposited in the Bond and Interest Sinking Fund Account on or before the next interest payment date.

THE PROJECT

The Project consists of three parts:

First, the University will purchase and install a new telecommunication system throughout the two primary campuses in St. Paul and Minneapolis. The telecommunication system includes the electronic switching equipment, the installation of wiring from this equipment to all points of service on the two campuses, and the telephone sets and other end point equipment. The telecommunication wiring will provide for voice and data transmission. Audio and video communication will be provided at selected points on the campuses.

The second major part of the Project involves the purchase, replacement and upgrading of two of the three boilers on the main campus in St. Paul. These boilers will replace obsolete and aging equipment, establish a reserve heating capacity, provide expected additional heating load in the future, increase heating efficiency, and provide for back-up heating capacity.

The third major part of the Project includes an approximately 15,000 square foot expansion of the physical plant headquarters facility on the main St. Paul campus of the University. This new facility will include work space for various trade departments, a central storage facility, and a recycling center for the main campus, including related fixtures and equipment and alterations to the existing building to accommodate the addition.

SUMMARY OF SECURITY FOR THE BONDS

The Bonds will be special obligations of the Authority payable solely from Loan Repayments made by the University as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture including moneys and investments in the Reserve Account. The Reserve Account will be fully funded in the amount of the Reserve Requirement.

The Bonds are secured by the pledge of the University of its full faith and credit. The University will agree pursuant to the terms of the Loan Agreement and the Indenture to make payments directly to the Trustee in such amounts and at such times as to assure that the Trustee has sufficient funds with which to pay the principal of and interest on the Bonds. The University agrees to make such payments out of its operating funds or any other moneys legally available. The University covenants and agrees to charge tuition fees, other fees, rentals and charges which, together with the general funds or any other moneys legally available, will be sufficient at all times to make the Loan Repayments and other payments required under the Loan Agreement; to meet current operation and maintenance expenses of the Project Facilities; and to pay all other obligations of the University as they become due.

The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit of the Authority or the State of Minnesota, or the taxing powers of the State, are pledged. The Authority has no taxing powers.

The Bonds will not be secured by the General Bond Reserve Account of the Authority (see "ACCOUNTS - General Bond Reserve Account").

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which a portion of the proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement are to be deposited. These accounts include a Construction Account, a Bond and Interest Sinking Fund Account, a Reserve Account, and a Redemption Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the Construction Account, except that the amount of the Reserve Requirement will be deposited into the Reserve Account and accrued interest will be deposited in the Bond and Interest Sinking Fund Account. Following Bond Closing, amounts received by the Trustee from the University as Loan Repayments are to be deposited into the Bond and Interest Sinking Fund Account and the Redemption Account and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds when due and to maintain a debt service reserve in the Reserve Account in the amount of the Reserve Requirement.

Construction Account

There shall be deposited initially into the Construction Account the proceeds received from sale of the Bonds, exclusive of accrued interest and the Reserve Requirement, less the amount of underwriter's discount. In addition, the University will agree in the Loan Agreement to provide for payment of all Project Costs in excess of the proceeds of the Bonds available therefor and to pay out of available general funds all costs of issuance of the Bonds (including underwriting discount) in excess of 2.00% of the proceeds of the Bonds (principal less original issue discount according to the reoffering scale). Upon receipt of proper documentation, the Trustee will reimburse or pay for the account of the University costs incurred in connection with the Project. When work on the Project Buildings has been completed and the Project Equipment has been installed and a certificate to that effect has been furnished to the Trustee, any balance in the Construction Account shall be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account.

Bond and Interest Sinking Fund Account

Initially there shall be deposited into the Bond and Interest Sinking Fund Account any amount of Bond proceeds representing accrued interest, which is to be used to pay interest on the Bonds. Deposits shall be made to the Bond and Interest Sinking Fund Account from transfers of amounts in other accounts, as permitted by the Indenture, and from Loan Repayments made by the University. The moneys and investments in the Bond and Interest Sinking Fund Account will be irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable and for that purpose only.

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the amount of the Reserve Requirement irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. All amounts paid by the University as Loan Repayments not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account will be deposited into the Reserve Account in order to maintain the Reserve Account in an amount not less than the Reserve Requirement.

In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than the Reserve Requirement, the University shall restore the deficiency forthwith, provided that if such funds are withdrawn in order to make any rebate payment required to be made by the Authority under the Loan Agreement, the Authority shall restore such deficiency or shall reimburse the University for amounts so withdrawn. Investments in the Reserve Account which are eligible investments under the Arbitrage Regulations for such valuation method shall be valued at par or (if purchased at a premium or discount) at amortized cost, and other investments in the Reserve Account shall be valued at market value. Investments in the Reserve Account shall be valued annually by the Trustee within 30 days after the close of the Fiscal Year, provided that the valuation of investments with respect to the Reserve Account shall be adjusted whenever there is a withdrawal from or addition to the Reserve Account or any investment held in the Reserve Account is bought or sold or matures. If upon any valuation date, the amount on deposit in the Reserve Account (exclusive of earned or accrued interest on moneys or investments therein) is more than the amount of the Reserve Requirement, or more than the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations, the Trustee shall forthwith transfer the excess to the Bond and Interest Sinking Fund Account. If at the end of any Fiscal Year the amount on deposit in the Reserve Account is less than the amount of the Reserve Requirement, then (unless the deficiency is equal to or less than the excess of the amount of the Reserve Requirement over the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations) such deficiency shall be restored to an amount equal to the amount of the Reserve Requirement within not less than 30 days.

Interest and income in the Reserve Account shall be transferred first to the Construction Account during the construction period, second to the Bond and Interest Sinking Fund Account to the extent the amount on deposit in the Bond and Interest Sinking Fund Account is less than the amount permitted for a bona fide debt service fund under the Arbitrage Regulations, and third, to the Redemption Account any excess interest and income, and when the moneys and investments in the Reserve Account shall be sufficient to pay the principal of and interest on all outstanding Bonds when due, such moneys and investments shall be transferred, as appropriate, into the Bond and Interest Sinking Fund Account or the Redemption Account; provided that the Trustee is authorized, in its discretion, to use funds and investments in the Reserve Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the University or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Redemption Account

Any amounts received which are not otherwise committed will be paid into the Redemption Account. Funds in this Account will be available to maintain required balances in other accounts and to purchase or redeem Bonds. No specific amounts are required. Notwithstanding the foregoing, the Trustee, in its discretion, is authorized to use funds and investments in the Redemption Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the University or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

General Bond Reserve Account

Pursuant to its General Bond Resolution adopted October 31, 1972, the Authority has established and maintains a General Bond Reserve Account. In general, the General Bond Reserve Account secures certain Bonds of the Authority for which a deposit is made into the General Bond Reserve Account in compliance with the General Bond Resolution. In connection with the Bonds, the Authority will not require that the University deposit funds into the General Bond Reserve Account. **The Bonds will not be secured by the General Bond**

Reserve Account, and Bondholders will have no right to require the Authority to apply moneys or investments in the General Bond Reserve Account to the payment of the Bonds or interest thereon.

Authorized Investments

Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account, the Reserve Account, the Construction Account or the Redemption Account shall be invested by the Trustee only in investments as authorized by law from time to time which currently and generally are as follows: Direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; direct and general obligations of states and local governments and state housing finance agencies, rated at least A; revenue bond obligations of states and local governments rated at least AA or Aa; mutual funds or unit trusts which invest solely in the foregoing obligations of the United States government, its agencies, state and local governments or in repurchase agreements or reverse repurchase agreements collateralized by the foregoing obligations; time deposits and other accounts fully insured by the Federal Deposit Insurance Corporation or collateralized by certain government obligations; certain guaranteed investment contracts issued by a bank or insurance company rated at least A; certain types of repurchase agreements; and certain commercial paper maturing in 270 days or less. Section 5.04 of the Indenture sets forth further restrictions as to type and maturity of investments.

THE AUTHORITY

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971 (Sections 136A.25 through 136A.42, Minnesota Statutes), for the purpose of assisting institutions of higher education within the State in the construction and financing of projects. The Authority consists of eight members appointed by the Governor with the advice and consent of the Senate. The Executive Director of the Minnesota Higher Education Coordinating Board, and the President of the Minnesota Private College Council, who is a non-voting member, are also members of the Authority.

Dr. Joseph E. LaBelle has been the Executive Director of the Authority since its inception.

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $250 million. The Authority has had 63 issues (including refunded and retired issues) totaling $236,705,000 of which $143,219,767 (excluding the Bonds) is outstanding as of February 2, 1992. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

Educational institutions eligible for assistance by the Authority are generally private nonprofit educational institutions authorized to provide a program of education beyond the high school level. However, pursuant to special legislation, the Authority has once issued bonds on behalf of a State owned and operated post-secondary institution. In addition, State community and technical colleges are eligible for assistance in financing child-care facilities, but not other types of projects. Sectarian institutions are not eligible for assistance; however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

The scope of projects for which the Authority may issue bonds is broad, including buildings or facilities for use as student housing, academic buildings, parking facilities, day-care centers, and other structures or facilities required or useful for the instruction of students, or conducting of research, in the operation of an institution of higher education.

While the Authority retains broad powers to oversee planning and construction, it is current policy to permit the institution almost complete discretion with respect to these matters.

In Minnesota Higher Education Facilities Authority v. Hawk, filed August 8, 1975, the Minnesota Supreme Court affirmed the constitutionality of the issuance of tax-exempt bonds by the Authority to refinance debts incurred by Minnesota private colleges in the construction of facilities used solely for nonsectarian education purposes. In the opinion of bond counsel, this decision also confirms the legality of bonds issued by the Authority to finance original construction, improvement, and remodeling projects.

The Authority is also authorized to issue revenue bonds for the purpose of refunding bonds of the Authority then outstanding, including payment of any redemption premium thereon and any interest accrued or to accrue to the earliest or any subsequent date of redemption.

The Authority is financed solely from fees paid by the participating institutions; it has no taxing power.

Bond issuance costs, including fees of bond counsel, the financial advisor and trustee, are paid by the participating institution.

FINANCIAL ADVISOR

Springsted Incorporated, Saint Paul, Minnesota, has served as financial advisor to the Authority in connection with the issuance of the Bonds. The Financial Advisor has participated in the preparation of certain portions of this Official Statement, but has not independently verified the factual and financial information contained herein, and accordingly expresses no view as to the accuracy or sufficiency thereof.

RATING

An application for a rating of the Bonds has been made to Moody's Investors Service ("Moody's"), 99 Church Street, New York, New York. If a rating is assigned, it will reflect only the opinion of Moody's. Any explanation of the significance of the rating may be obtained only from Moody's.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised or withdrawn, if in the judgment of Moody's, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

LITIGATION

The Authority and the University are unaware of any pending or threatened litigation which would affect the validity of the Bonds or materially affect the ability of the University to pay the principal of or interest on the Bonds as the same become due.

LEGALITY

The Bonds will be subject to the unqualified approving opinion as to validity and tax exemption by Faegre & Benson of Minneapolis, Minnesota as Bond Counsel. A legal opinion in substantially the form set out in Appendix II herein will be delivered at Bond Closing.

Certain legal matters will be passed upon for the University by Moore, Costello & Hart, Saint Paul, Minnesota.

ENFORCEABILITY OF OBLIGATIONS

While the Bonds are secured or payable pursuant to the Indenture and the Loan Agreement, the practical realization of payment from any security will depend upon the exercise of various remedies specified in the respective instruments. These and other remedies are dependent in many respects upon judicial action, which is subject to discretion and delay. In addition, the Trustee may not have available sufficient funds under the Indenture to pay the cost of proceeding with such remedies. Pursuant to the Indenture, the Trustee is entitled to require from Bondholders sufficient indemnity for such costs before proceeding to enforce its remedies. Accordingly, the remedies specified in the above documents may not be readily available or may be limited.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, (1) a limitation of $150,000,000 on the aggregate principal amount of "tax-exempt non-hospital bonds" (generally defined as bonds for other than acute care, in-patient hospital facilities) that is allocated to the University or any 501(c)(3) organization under common management or control with the University as an owner or user of facilities financed with proceeds of such bonds, (2) provisions which prescribe yield and other limits relative to the investment of the proceeds of the Bonds and other amounts and (3) provisions which require that certain investment earnings be rebated periodically to the Federal government and (4) a requirement that at least 95% of the proceeds of the Bonds be used for purposes of the University constituting the basis for its being an organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and that not more than 5% of the proceeds of the Bonds be used in (or provide a facility to be used in) an unrelated trade or business of the University or the trade or business of any nonexempt person. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for purposes of Federal and State of Minnesota income taxation retroactive to their date of original issue, irrespective in some cases of the date on which such noncompliance is ascertained.

The Loan Agreement and Indenture contain provisions (the "Tax Covenants") including covenants of the Authority and the University, pursuant to which, in the opinion of Bond Counsel, such requirements can be satisfied. Certificates will be furnished by officers of the Authority and the University to Bond Counsel at closing to the effect that, at the date of issuance of the Bonds, not more than $150,000,000 of tax-exempt non-hospital bonds (including the Bonds) are outstanding allocable to the University and 501(c)(3) organizations under common management or control. The Tax Covenants do not relate to all the continuing requirements referred to in the preceding paragraph. If a Determination of Taxability occurs, however, whether or not as a result of violation of any of the Tax Covenants, the outstanding Bonds are subject to optional redemption without premium, and the Bonds shall bear additional interest at a rate of two percent (2%) per annum from the date of taxability until the respective dates on which the principal of the Bonds is paid. (See "THE LOAN AGREEMENT-Determination of Taxability" in Appendix IV). A determination that interest on the Bonds is includable in the computation of the alternative minimum tax imposed on individuals under the Code is not a Determination of Taxability.

Under present provisions of the Code, interest on the Bonds is exempt from federal income taxes, including the alternative minimum tax imposed with respect to individuals and corporations and the environmental tax imposed with respect to corporations, except that interest on the Bonds will be included in the computation of "adjusted current earnings," which may be an item of tax preference includable in alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to corporations.

The Code imposes an environmental tax with respect to corporations on the excess of a corporation's modified alternative minimum taxable income (determined as described above) over $2 million. Regardless of whether a corporation is subject to the alternative minimum tax, the environmental tax applies with respect to taxable years beginning after December 31, 1986 and before January 1, 1996.

The Code imposes a branch profits tax equal to 30% of the "dividend equivalent amount" which is measured by "earnings and profits" effectively connected to the United States, net of certain adjustments. Included in the earnings and profits of a United States branch of a foreign corporation is income that would be effectively connected with a United States trade or business if such income were taxable, such as the interest on the Bonds.

In addition, interest on the Bonds is includable in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code. In the case of a property, casualty or other insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to 15% of the interest on the Bonds that is received or accrued during the taxable year. In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than 25% of its gross receipts is passive investment income.

The Code further provides that interest on the Bonds is includable in the calculation of modified adjusted gross income in determining whether Social Security or railroad retirement payments are to be included in taxable income of individuals.

Bondholders should consult their tax advisors with respect to collateral consequences arising from the receipt of interest on the Bonds, including without limitation the calculations of alternative minimum tax, environmental tax or foreign branch profits tax liability, or the inclusion of social security or other retirement payments in taxable income.

Assuming compliance with the Tax Covenants and on the basis of the certifications to be furnished at Bond Closing, in the opinion of Faegre & Benson, Bond Counsel, under present laws and rulings: interest on the Bonds is not includable in gross income for federal income tax purposes or in the taxable income of individuals, estates and trusts for Minnesota income tax purposes. Interest on the Bonds is not treated as a preference item in determining federal alternative minimum taxable income of individuals and corporations or the Minnesota alternative minimum tax applicable to individuals, estates and trusts. However, the interest is includable in "adjusted current earnings" for purposes of computing the federal alternative minimum taxable income of corporations and is subject to the Minnesota franchise tax imposed on corporations, including financial institutions, measured by taxable income and the alternative minimum tax base.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

THE UNIVERSITY

The University of St. Thomas, until 1990 known as the College of St. Thomas, a Minnesota not-for-profit corporation, was founded in 1885 by Archbishop John Ireland as St. Thomas Aquinas Seminary. The University became a four-year institution of higher education in 1908 and conferred its first baccalaureate degrees in 1910. Effective July 1, 1990, the Board of Trustees formally changed the name of the Institution from College of St. Thomas to University of St. Thomas in order to reflect more accurately the range of programs offered. The University currently offers a broad range of academic programs leading to undergraduate and graduate degrees. The University does not discriminate on the basis of race, creed, color, national origin, sex, age, or physical disability in the employment of faculty or staff, the admission or treatment of students, or in the operation of its educational programs and activities. As permitted by applicable statutes and regulations, the University reserves the right to consider sex as one factor in its undergraduate admissions policy in order to effect a desired balance in the proportionate representation of the sexes in the student body.

The main campus of the University is located in the west Summit Avenue area of Saint Paul, Minnesota, between the downtown districts of Saint Paul and Minneapolis. In January 1987, the University opened an educational center in the former Powers Department Store building in downtown Minneapolis. Construction of the core facility of a permanent campus in downtown Minneapolis, which will supplant the University's existing educational center in Minneapolis, is currently underway and is expected to be completed by September 1, 1992. Part of the permanent Minneapolis campus will consist of the Kate Dunwoody Hall owned by the University and located at 52 South Tenth Street in Minneapolis. The University also owns and operates the Gainey Conference Center near Owatonna, Minnesota and owns the Peavey Center and the Hazeltine Gates Building in Chaska, Minnesota.

The University is accredited by the North Central Association of Colleges and Schools and is registered with the Minnesota Higher Education Coordinating Board in accordance with Minnesota Statutes.

Governance

The University is governed by a 40-member Board of Trustees (currently there are five vacancies). The Board elects its own members and each member serves a five-year term with no limit on the number of terms, except that one member is nominated by the University Alumni Association and elected by the Board of Trustees for a two-year term. The present Board consists of 29 lay persons and six clergy. The President of the University, the Archbishop of Saint Paul and Minneapolis and the Vicar General of the Archdiocese of Saint Paul and Minneapolis are ex officio members of the Board of Trustees. The Archbishop and Vicar General are also the Chairman and Vice Chairman, respectively, by virtue of their positions.

Following is a list of the members of the Board of Trustees of the University and their business or professional affiliation, as of February, 1992:

Delbert W. Johnson	President, Pioneer Metal Finishing, Minneapolis
David A. Koch*	Chairman and Chief Executive Officer, Graco, Inc., Minneapolis
James P. Larkin*	Shareholder and Director, Larkin, Hoffman, Daly & Lindgren, Ltd., Bloomington, Minnesota
Thomas F. Madison*	President, U.S. West Communications, Minneapolis
John A. McHugh	Attorney and Banker, Edina, Minnesota
Harry G. McNeely, Jr.	President and Chief Executive Officer, Industry Financial Corporation, Saint Paul
Herbert F. Mischke	Underwriter, Equitable Companies, Saint Paul
Honorable Diana Murphy	Judge, U.S. District Court, Minneapolis
Rev. Msgr. Terrence J. Murphy	Chancellor, University of St. Thomas
John F. O'Shaughnessy, Jr.	President, General Parts and Supply Co., Inc., Minneapolis
Rev. Msgr. Richard E. Pates	Pastor, Church of Our Lady, Minneapolis
William J. Quinn	Chairman, Board of Trustees, Loyola University, Chicago, Illinois
Gerald A. Rauenhorst	Chairman and Chief Executive Officer, Opus Corporation, Minneapolis
William S. Reiling*	Chairman and Chief Executive Officer, Towle Real Estate Company, Minneapolis
Dr. James J. Renier*	Chairman and Chief Executive Officer, Honeywell, Inc., Minneapolis
John W. Ryan	President Emeritus, Indiana University, Bloomington, Indiana
Guy Schoenecker*	President and Chief Quality Officer, Business Incentives, Inc., Minneapolis
Marion Short*	President, Leamington Company, Minneapolis
James E. Thornton*	Retired Chairman of the Board, Network Systems Corporation, Minneapolis

* Member of the Executive Committee.

Administration

The principal officers of the University are as follows:

President

The Reverend Dennis J. Dease began the 14th presidency of the University of St. Thomas on July 1, 1991. Dease, 48, has enjoyed a 22-year career as an associate pastor of a suburban church, a high school teacher, a college professor, a seminary counselor and spiritual director, and a rector of an inner-city parish.

Dease holds a Ph.D. in systematic theology from the Catholic University of America (1978), an M.Div. degree in pastoral studies from the St. Paul Seminary (1973), an M.A. in counseling psychology from the College of St. Thomas (1972) and a B.A. in Latin and philosophy from the St. Paul Seminary (1965). After his ordination to the priesthood, Dease was an associate pastor in 1969 and 1970 at the Church of St. John the Evangelist, Hopkins, Minnesota. He taught religion for two years at St. Thomas Academy in Mendota Heights, Minnesota, before becoming a staff counselor in 1971 at St. John Vianney Seminary in St. Paul. Dease taught theology at the College of St. Thomas from 1974 to 1979, when he was named spiritual director and dean of formation at the St. Paul Seminary. In 1985 he become rector of the Basilica of St. Mary.

Provost

Dr. Charles J. Keffer has been Provost since 1977. He also served as Vice President for Academic Affairs until 1984. He came to the University in 1973 as Dean of the University. He received his B.S. degree from the University of Scranton and his M.A. and Ph.D. degrees from Harvard University.

Senior Vice President for External Affairs

Quentin J. Hietpas has been Senior Vice President for External Affairs since April, 1983. He received his B.A. degree from the University of St. Thomas and his J.D. degree from the William Mitchell College of Law.

Vice President for Business Affairs

Dr. Michael Sullivan assumed the position of Vice President for Business Affairs in October, 1985. He received his BA degree from St. John's University (Collegeville, Minnesota) and has a Ph.D in Educational Administration from the University of Minnesota.

Facilities

The University's physical plant consists of the buildings and grounds of the main campus in St. Paul, and facilities in or near the cities of Owatonna, Chaska and Minneapolis. As of June 30, 1991, the value of all property and equipment, net of depreciation, was $100,510,708; buildings and contents have an insurable value of $153,289,451.

The University's physical facilities in St. Paul consist of the buildings and grounds on the University's original 40 acre campus, on approximately 30 acres of the campus acquired in 1986 from the St. Paul Seminary and on several sites located in the vicinity of the original campus. The St. Paul campus has 23 major buildings, including classroom/office facilities, student residence buildings and halls, a stadium and a field house. Seven residence halls and two University-owned apartment buildings house 1,709 students.

The permanent Minneapolis campus, now under construction at 1000 LaSalle Avenue, consists of a four-story building in downtown Minneapolis, providing approximately 150,000 square feet of interior space. The Minneapolis campus building will house both graduate and undergraduate programs. Under current plans, the facility will be the administrative home for the University's Graduate School of Business (with its Master's programs in Business Administration, Business Communications and International Management), Management Center, Small Business Development Center and several new outreach initiatives or centers. Initially, classes will be offered in the late afternoon and early evening hours and on Saturdays in the MBA program, the MBC program, the graduate programs in Education, Software Design, and through New College, the University's undergraduate evening program for working adults. Support services such as library, audio visual, computing, food services, bookstore, and duplicating will be provided. The University also owns Kate Dunwoody Hall located at 52 South Tenth Street which will be used as part of the permanent Minneapolis campus.

The University currently occupies about 30,000 square feet of leased space in a downtown Minneapolis building to offer evening classes in its graduate and undergraduate programs. Current student enrollment at that site is approximately 1,200 students. This space will no longer be used after the permanent Minneapolis campus is completed.

The University owns the Daniel C. Gainey Conference Center near Owatonna, Minnesota. This center provides classroom, living and dining facilities for groups of various size for seminars, workshops and regular college classes.

The University also owns the former Peavey Technical Center and the Hazeltine Gates buildings in Chaska, Minnesota. Both sites are being used for classrooms and offices for University purposes including a small business incubator sponsored by the University. A portion of both buildings is rented to commercial and office tenants.

Libraries

O'Shaughnessy-Frey Library Center contains approximately 275,000 volumes. The Archbishop John Ireland Theological Library has 80,672 volumes. The University is a member of the Cooperating Libraries in Consortium, Inc., a Saint Paul-Minneapolis private college inter-library consortium; and MINITEX, which provides access to the holdings of the Universities of Minnesota and adjacent states, as well as to the public libraries of the Twin Cities. The University recently completed a $8,250,000 expansion to O'Shaughnessy-Frey Library Center, which doubled the size of the prior facility and increased study space to over 1,600 stations and shelf capacity to over 400,000 volumes.

Catholic Publishing Center

The University owns the Catholic Digest, a national, monthly magazine with a circulation of approximately 630,000. Although the magazine has some original articles, its principal content consists of reprints. It has income from advertising in addition to subscriptions. The University operates the magazine within its Catholic Publishing Center, a division of the University, which had a net income of $1,593,609 for fiscal year ended June 30, 1991. Operations of the Catholic Publishing Center are part of the University's financial statements included in Appendix V to this Official Statement.

Saint Paul Seminary Affiliation

On May 3, 1987, an affiliation between the University and The Saint Paul Seminary was finalized and the School of Divinity of the University was established. The effective date of the affiliation was July 1, 1986. The School of Divinity's ministerial studies program, consisting of ministerial training, including classroom theological coursework and field education, is directed by the University. The School of Divinity's ministerial formation program, consisting of programs for spiritual and personal growth and the evaluation of readiness of candidates for ministry, is directed by The Saint Paul Seminary.

Academic Information

The University follows the four-one-four academic calendar of two four-month semesters during the school year, separated by a one-month interim term in January. During each semester the undergraduate student's normal course load is four subjects; during the interim concentration is on one subject. The B.A. degree is awarded in the following major concentrations or programs of study: Advertising, Art, Art History, Behavioral Neuroscience, Biology, Business Administration (Accounting, Finance, Marketing, Human Resources Management, Operations Management, Entrepreneurship, General Business, International Business), Chemistry, Classical Languages, Communication (Speech Communication and Telecommunication), Criminal Justice, East Asian Studies, Economics, Education, Elementary Education, English, Environmental Studies, French, Geology, German, Health, History, International Business-Language Intensive, International Reporting, International Studies, Journalism, Literary Studies, Mathematics, Music, Peace and Justice, Philosophy, Physical Education, Physics, Political Science, Psychology, Public Administration, Quantitative Methods and Computer Science, Russian Area Studies, Social Sciences, Social Studies, Social Work, Sociology, Soviet and Eastern European Area Studies, Spanish, Theater, Theology, Women's Studies.

Since 1950 the University has had a graduate program in education. The University grants the Master of Arts and the Education Specialist degrees. Concentrations are available in school administration, counseling, developmental and remedial reading, community education, special education, teacher preparation and in curriculum enrichment programs in elementary and secondary education. In the summer of 1987, the University initiated a Doctoral Program in Educational Leadership offering the Ed.D. degree. In Fall 1990, the University inaugurated a Master of Social Work degree program in cooperation with the College of St. Catherine and a Doctor of Psychology (D.Psy.) Program in Counseling Psychology. Fall 1991 enrollment in the Graduate School of Education, Professional Psychology and Social Work was 1,183.

In 1974 the University added the Master in Business Administration degree to its graduate programs. Courses offered in this program are taught in the evening. In the fall of 1984, the University inaugurated two new masters degree programs, one in Business Communications and one in International Management. The total enrollment in all programs in the Graduate School of Business was 3,013 in fall, 1991.

A graduate program in religious education started in 1977. It offers a Master of Arts degree. With the affiliation with The Saint Paul Seminary, the University began offering the Master of Divinity degree also. Divinity School enrollment in fall 1991 was 126 students.

In the spring of 1985, a Master of Science program in Software Design and Development was started. A new Master's program in Manufacturing Systems Engineering was begun in February, 1986. Fall 1991 enrollment in the Graduate School of Science and Technology was 555 students.

The University has several non degree-granting programs developed for the education and training of the general community. These include: the Management Center, offering formal courses, seminars and conferences to business, government and public institutions; the Center for Economic Education, to pursue the improvement of the quality and quantity of economics taught in the schools; the Center for Senior Citizens Education; the Community Education Center to provide assistance to school districts and to assist in the expansion of the community education concept at State and national levels; and the Small Business Development Center to provide counseling, training and workshops to small businesses in the State of Minnesota.

Faculty and Staff

The faculty-student ratio at the University is approximately 1 to 19. There is no religious or denominational prerequisite nor any participatory religious requirement for faculty or staff membership. The University subscribes to the 1940 Statement of Principles on Academic Freedom of the American Association of University Professors and the Association of American Colleges.

As of fall, 1991, the University employed 300 full-time and 291 part-time faculty. Total employees number approximately 1,288.

The total payroll of $34,943,000 for the fiscal year ended June 30, 1991 included $456,183 of contributed services, net of expenses. A contributed service is defined as the salary the University would expect to pay a comparably qualified lay person for services performed by members of religious orders of the Catholic Church less expenses, allowances and cash salary. As of June 30, 1991 there were 13 persons, primarily diocesan priests, on the faculty and administrative staff of the University who contribute their services. The average age of such persons was 56 years.

The following table lists the average salary of the lay members of the full-time University faculty for the 1991/92 academic year. In addition there are ten priests on the full-time faculty.

Number	Average Salary
Professor	$54,390
Associate Professor	40,760
Assistant Professor	34,120
Instructor	31,560

The following table lists the degrees and professional designations held by the full-time faculty members for the 1991/92 academic year.

	Number
Doctorate	238
Master of Arts, Juris Doctorate, Certified Public Accountant	52
Bachelor of Arts	10
Total	300

Freshman Applications, Acceptances and Enrollments

	1987/88	1988/89	1989/90	1990/91	1991/92
Applications	2,046	2,298	2,247	2,016	2,008
Acceptances	1,771	1,952	1,813	1,803	1,831
Percent Accepted	87%	85%	81%	89%	91%
Fall Enrolled	910	881	887	831	855
Percent Enrolled to Accepted	51%	45%	49%	46%	47%

Transfer Student Enrollment - Fall Semester - Undergraduate Day Program

1987/88	1988/89	1989/90	1990/91	1991/92
316	282	309	380	357

Student Body

The fall term enrollment at the University for the 1991/92 academic year is 10,156; with a full-time equivalent ("FTE") enrollment of 7,063. Approximately 85% of the 1991/92 freshman class of 855 were students from the State of Minnesota; this ratio has been relatively stable and is expected by the University to remain so.

The University's undergraduate day program admitted women for the first time in the fall of 1977. Graduate programs have been coeducational since their inception. Women comprise approximately 48% of the total graduate and undergraduate student body.

Enrollments

The following table sets forth the enrollment at the University as of the fall term for the five most recent academic years.

Program	1987/88	1988/891	1989/90	1990/91	1991/92
Undergraduate Day	4,252	4,344	4,508	4,611	4,671
New College*	596	637	621	596	608
Total Undergraduate	4,848	4,981	5,129	5,207	5,279
Graduate School of Education, Professional Psychology and Social Work	1,028	953	959	1,226	1,183
Graduate School of Business	2,049	2,285	2,401	2,688	3,013
Graduate School of Divinity	131	131	125	123	126
Graduate School of Technology	340	440	506	561	555
Total Graduate	3,548	3,809	3,991	4,598	4,877
Total Enrollment	8,396	8,790	9,120	9,805	10,156
FTE Enrollment	6,240	6,425	6,593	6,816	7,063

* *An undergraduate degree-granting program for adults.*

The University estimates that enrollment in the next five academic years will be as follows:[(a)]

Program	1992/93	1993/94	1994/95	1995/96	1996/97
Undergraduate Day	4,600	4,600	4,600	4,600	4,600
New College[(b)]	600	625	625	625	625
Total Undergraduate	5,200	5,225	5,225	5,225	5,225
Graduate School of Education, Professional Psychology and Social Work	1,250	1,275	1,300	1,300	1,300
Graduate School of Business	3,100	3,100	3,100	3,100	3,100
Graduate School of Divinity	125	125	125	125	125
Graduate School of Technology	600	620	640	660	660
Total Graduate	5,075	5,120	5,165	5,185	5,185
Total Enrollment	10,275	10,345	10,390	10,410	10,410

(a) *Estimates are those of the University management. However, events and circumstances frequently do not occur as expected, and actual enrollment levels may vary materially from those estimated. If the estimated enrollment levels are not met, the University may not be able to meet annual financial obligations or may be required to increase tuition and fee charges.*

(b) *An undergraduate degree-granting program for adults.*

Minneapolis Campus Enrollments - Fall Semester

	1988/89	1989/90	1990/91	1991/92
Undergraduate	129	105	136	155
Graduate	591	746	899	1,129
Total	720	851	1,035	1,284

The University expects approximately 1,500 students when the new Minneapolis campus is opened in September, 1992.

Housing

Students may live either off campus or in one of the residence halls on campus. All students living on campus also must board on campus. As of fall 1991 the University had nine student residences with a capacity for 1,709. Approximately 35% of the undergraduate day student population for the academic year 1991/92 reside on campus.

Tuition

The University meets the cost of educational programs primarily through tuition and fees. The following table lists the tuition charged full-time students in the University's major programs for the academic years beginning in the fall of 1987 through 1991.

	1987	1988	1989	1990	1991
Undergraduate (full-time) per academic year	$6,816	$7,424	$8,480 8,992*	$9,184 9,760*	$ 9,920 10,528*
Graduate education and religious education per credit	$ 180	$ 196	$ 215	$ 236	$ 255
Graduate School of Business, Business Communications, Engineering and Computer Science per credit	$ 212	$ 230	$ 250	$ 269	$ 282

* For new students entering Fall 1989 and later.

The Board of Trustees reserves the right to revise charges from time to time. Although the Board of Trustees anticipates that it will be able to raise current tuition and fees without adversely affecting future enrollment, there can be no assurance that it will be able to do so. Future economic and other conditions may affect the ability to increase tuition and fees while sustaining current levels of enrollment.

The following table lists total revenue derived from tuition and fees for the fiscal years ended June 30, 1987 through 1991.

Year	Tuition and Fees
1987	32,483,562
1988	36,627,407
1989	40,687,481
1990	47,885,876
1991	53,968,397

1991-92 Undergraduate Rate Comparison of Minnesota Private Colleges (Ranked by Total Fee)

	Tuition & Fees	Room & Board	Total
Carleton College	$16,296	$3,324	$19,620
Macalester College	13,331	3,970	17,301
St. Olaf College	12,080	3,345	15,425
Hamline University	11,550	3,631	15,181
Gustavus Adolphus College*	11,900	2,900	14,800
University of St. Thomas	**10,528**	**3,535**	**14,063**
Augsburg College	10,148	3,832	13,980
College of St. Benedict	10,135	3,750	13,885
St. John's University	10,135	3,680	13,815
Minneapolis College of Art and Design	10,340	3,400	13,740
College of St. Catherine	10,140	3,593	13,733
Bethel College	9,950	3,590	13,540
College of St. Scholastica	9,921	3,255	13,176
St. Mary's College of Minnesota*	9,205	3,170	12,375
Concordia College (Moorhead)	8,690	2,710	11,400
Concordia College (St. Paul)	8,268	2,910	11,178
Average	$10,789	$3,412	$14,200

* *Figures for Gustavus Adolphus College and St. Mary's College of Minnesota are for fall, 1991 new students only.*

Source: Minnesota Private College Council.

Financial Aid

About 77% of the University's undergraduate students currently receive some form of financial aid including federal, State, institutional or private. Some of the federal and State financial aid programs apply to tuition and fees, whereas others provide aid for living expenses such as transportation, housing (on or off campus) and personal expenses.

FINANCIAL AID BY TYPE

Year Ended June 30	Number of Students[(a)]	University of St. Thomas	Restricted Funds[(b)]	Pell Grants[(c)]	Supplemental Education Opportunity Grants[(c)]	State of Minnesota Grant Program[(c)]	State of Minnesota SELF Loan Program[(d)]	PERKINS Loan Program (c), (e)	STAFFORD Loan Program (c), (f)	SLS Loan Program[(g)]	Work[(h)]	Total
1982	3,289	917,890	760,631	549,617	354,899	1,205,609	0	572,665	4,244,699	0	657,077	9,263,087
1983	2,980	1,256,651	715,191	549,126	319,711	1,131,930	0	364,010	3,338,393	0	924,089	8,599,101
1984	3,274	1,608,712	695,376	679,871	309,507	1,828,339	0	359,525	3,261,095	0	1,120,642	9,863,067
1985	3,881	2,000,829	1,143,275	754,903	334,335	1,827,758	0	413,275	4,767,617	0	1,403,480	12,645,472
1986	3,748	2,155,411	1,073,925	754,942	334,335	2,144,945	0	593,950	4,612,763	0	1,519,388	13,189,659
1987	3,951	2,750,944	1,000,540	734,638	334,335	2,412,171	499,727	672,462	4,664,136	0	1,494,828	14,563,781
1988	4,016	3,161,117	1,026,562	798,753	345,974	2,886,688	868,694	608,300	4,620,399	0	1,571,684	15,888,171
1989	4,382	2,838,219	1,168,097	1,087,518	334,335	2,928,770	930,656	641,135	5,073,552	249,878	1,380,065	16,631,225
1990	4,699	4,161,112	1,394,509	1,137,281	339,366	3,572,893	1,309,964	460,084	6,004,995	361,251	1,587,531	20,058,986
1991	4,229	4,896,586	1,227,482	1,238,124	379,159	4,450,409	1,328,582	538,636	6,386,129	464,542	1,916,643	22,826,292

(a) *Total number of students receiving at least one type of financial aid (unduplicated count).*

(b) *Restricted funds include financial aid primarily funded by private gifts.*

(c) *Federal aid program.*

(d) *The SELF Loan program began in 1987.*

(e) *Previously the National Direct Student Loan program. Includes 10% UST share.*

(f) *STAFFORD Loans previously called the Guaranteed Student Loan program.*

(g) *SLS (Supplementary Loans for Students) information was not collected prior to 1989.*

(h) *Includes federal, State, and College work-study funds.*

Awards of financial aid, excluding competitive scholarships, are granted on the basis of need up to the maximum allowed by the various programs and can be substituted for each other in the establishment of a student's financial aid package. No assurance can be given that federal and State student financial aid will continue to be funded at current levels. If such student aid is curtailed, it may cause the enrollment of the University to decrease, which, in turn, may have an adverse effect on the University's revenues.

Pensions

Retirement benefits are provided for all full-time faculty and administrators through Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA/CREF), a national organization used to fund pension benefits for educational institutions. Under this arrangement, the University makes annual contributions to TIAA/CREF to purchase annuities equivalent to retirement benefits earned. Beginning September 1992, the University will provide its employees who are participants in this plan with an alternative fund to receive current retirement benefits on their behalf. Eight funds of Fidelity Investments have been approved to accept tax-deferred contributions from the University and to which employees may elect to transfer funds which had previously been remitted to TIAA/CREF. Annually such employees will be asked to indicate to which fund they wish to have their University retirement contribution delivered. The University also approved the option of permitting such employees the opportunity to withdraw forty percent of the total accrual from all sources when they separate from University employment. The cost of these benefits to the University was $1,747,795 and $2,030,405 for 1990 and 1991, respectively.

Retirement benefits are provided for the nonacademic staff under a multi-employer retirement plan administered by the Archdiocese of Saint Paul and Minneapolis. Contributions are made solely by the University quarterly. Contributions, at a minimum, are to fund normal costs of benefits to be paid, actuarially computed. Contributions charged to Current Unrestricted Fund expenditures amounted to $219,987 and $284,977 for 1990 and 1991, respectively.

Prior to June 30, 1989, retirement benefits were provided for employees of the Catholic Publishing Center under a trusteed retirement plan administered by an insurance company. Effective July 1, 1989, employees of the Catholic Publishing Center are covered under the University's plan. Retirement plan contributions are made solely by the Catholic Publishing Center on an annual basis.

Unions

The International Brotherhood of Teamsters Local 120 represents 60 employees who are on the custodial or grounds keeping staff of the University. The University signed a two- and one-half year agreement with the Teamsters Local 120, which runs July 1, 1989 through January 31, 1992. The University is currently negotiating with the Teamsters Local 120. The International Union of Operating Engineers Local 70 AFL-CIO, which represents five maintenance engineers and one maintenance assistant, negotiated a contract that will run through February 28, 1994. In addition, the International Brotherhood of Electrical Workers Local Union 110, AFL-CIO represents three electricians at the University.

Financial Records

The University maintains its financial records on the basis of a fiscal year ended June 30. The University uses a fund accounting system and the financial statements of the University are prepared on the accrual basis except for depreciation accounting as explained in the notes to the University's financial statements. Appendix V sets forth the comprehensive financial statements of the University for the year ended June 30, 1991, which statements have been audited by Coopers & Lybrand, certified public accountants and their opinion on such financial statements are included therein. Supplemental schedules to the financial statements are available upon request.

Statement of Revenues, Expenditures and Transfers

The table on page I-15 sets forth the University's statements of current unrestricted revenues, expenditures and other changes for the University for the fiscal years ended June 30, 1987 through 1991. This table should be read in conjunction with the financial statements which are Appendix V.

UNIVERSITY OF ST. THOMAS
SUMMARY STATEMENT OF UNRESTRICTED CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES

For the Years Ended June 30,

	1987	1988	1989	1990	1991
REVENUES:					
Tuition and fees	$32,483,562	$36,627,407	$40,687,481	$47,885,876	$53,968,397
Private Gifts and Grants and Contracts	1,317,084	1,422,788	1,690,807	1,390,919	1,434,189
Endowment Income			2,528,505	3,035,427	2,868,849
Income from Investments	3,468,061	3,190,106	1,087,623	1,064,602	979,060
Sales and Services of Ed. Enterprises	10,436,178	11,114,593	12,077,681	12,765,783	12,997,413
Sale and Services of Aux. Enterprises	7,535,148	9,326,169	10,403,294	11,419,302	12,407,915
Other Revenue	728,950	695,836	1,066,522	1,111,313	1,275,328
Total Revenue	55,968,983	62,376,899	69,541,913	78,673,222	85,931,151
EXPENDITURES AND MANDATORY TRANSFERS:					
Educational and General					
Instruction	12,994,464	14,954,656	16,323,027	21,250,576	23,884,981
Educational Enterprises	9,393,030	9,718,829	10,469,699	11,079,731	11,674,895
Academic Support	2,819,486	3,476,267	3,362,153	3,752,914	3,989,885
Student Services	3,178,706	3,642,109	3,870,118	4,892,626	5,603,478
Institutional Support	9,128,229	10,753,212	12,128,617	9,480,183	10,801,060
Operation and Maintenance	3,145,827	3,335,824	4,352,318	5,530,617	6,052,146
Student Aid	2,750,944	3,161,117	2,838,219	4,161,112	4,896,586
Educational and General Expenditures	43,410,686	49,042,014	53,344,151	60,147,759	66,903,031
Mandatory Transfers for:					
Principal and Interest	2,768,742	1,850,231	2,109,418	2,245,010	2,248,381
Student Loan Funds			8,309	5,017	2,073
Renewal and Replacement	42,103	43,598			
Total Educational and General	46,221,531	50,935,843	55,461,878	62,397,786	69,153,485
Auxiliary Enterprises and Ind. Operations					
Expenditures	5,941,189	7,889,758	8,464,643	8,869,379	9,438,062
Mandatory Transfers for					
Principal and Interest	743,944	1,860,343	2,032,790	2,646,394	2,748,785
Renewals and Replacements	322,921	309,875	43,750	27,750	27,750
Total Auxiliary Enterprises and Independent Operations	7,008,054	10,059,976	10,541,183	11,543,523	12,214,597
Expended to Establish Aquinas Foundation					1,775,374
Total Expenditures and Mandatory Transfers	53,229,585	60,995,819	66,003,061	73,941,309	83,143,456
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)					
Transfers Among Funds (Net)	(2,728,540)	(1,348,300)	(3,440,095)	(4,677,794)	(2,739,576)
NET INCREASE (DECREASE) IN FUND BALANCE	$10,858	$32,780	$98,757	$54,119	$48,119

Source: Audited financial statements of the University

Gifts, Grants and Bequests

The University actively solicits and receives gifts and bequests from a variety of donors and also receives various grants from private foundations and from agencies of the federal government.

Major development programs, including efforts to raise capital funds and a variety of annual giving programs among alumni, parents of students, businesses and friends of the University, have been maintained for a number of years.

The University currently has on-going fund raising campaigns for, among other things, the $8 million O'Shaughnessy-Frey Library expansion and the construction of the Minneapolis campus. As of June 30, 1991, the University had outstanding pledges and bequests for all purposes including scholarships, academic instruction and building construction of $26,400,000 and $5,500,000, respectively.

The following table sets forth the amounts of private gifts, grants and bequests received by the University for all funds for the fiscal years ended June 30, 1987 through 1991.

Fiscal Year	Total All Funds
1987	9,236,477
1988	8,103,041
1989	7,387,801
1990	8,020,957
1991	8,700,652

Capital Campaign for Minneapolis Campus

As of December 31, 1991, the University has received a total of $15,822,541 in contributions and pledges, which it expects to use for the cost of establishing the new Minneapolis campus. Of that total, $4,646,116 has been received as cash contributions as of December 31, 1991.

None of the contributions and pledges will be used for the payment of principal of or interest on the Series Three-I Bonds.

Endowment Funds

The University's endowment and similar funds include (i) endowment funds which are subject to the restrictions of gift instruments requiring the principal be maintained in perpetuity and that only the income be utilized either for donor specified purposes or for general University purposes; and (ii) funds functioning as endowment (Quasi-Endowment) which represent expendable funds received which, by decision of the Board of Trustees of the University, have been retained and invested for the future benefit of the University, which can be utilized, if and when the need arises, for current operating and capital expenditure purposes at the discretion of the Board of Trustees. The following table is a recapitulation of fund balances of endowment and similar funds for the fiscal years ended June 30, 1987 through 1991.

Fiscal Year	Endowment	Quasi-Endowment	Total
1986	$23,331,316	$26,524,210	$49,855,526
1987	30,362,969	34,147,635	64,510,604
1988	34,612,649	35,938,415	70,551,064
1989	37,123,967	37,367,663	74,491,630
1990	42,639,156	41,400,529	84,831,896
1991	45,072,517	42,244,960	87,317,477

On December 6, 1990, the University announced the receipt of a $10 million challenge grant to endow the Graduate School of Business. The investment earnings, estimated at $500,000 annually, would be used to support and upgrade the faculty in the graduate management and business programs.

Long-Term Debt

The University has the following long-term debt outstanding:

(a) $1,200,000 Dormitory Bonds of 1957, dated December 1, 1957, at 2-7/8%; remaining principal is $330,000 due in annual installments through 1997; purchased by the U.S. Department of Housing and Urban Development; proceeds were used to construct Dowling Hall (student dormitory). The bonds are secured by (i) a first mortgage lien on Ireland and Dowling Halls, (ii) net revenues of the operations of these buildings, and (iii) the full faith and credit of the University.

(b) $1,050,000 Dormitory Bonds of 1967, dated April 1, 1967, at 3%; remaining principal is $745,000 due in annual installments through 2017; purchased by the U.S. Department of Housing and Urban Development; proceeds were used to construct Brady Hall (student dormitory). The bonds are secured by (i) a first mortgage lien on Brady Hall, (ii) net revenues from the operation of the building, and (iii) the full faith and credit of the University.

(c) $1,346,000 Academic Building Bonds of 1969, dated June 1, 1969, at 3%; remaining principal is $857,000 due in annual installments through 2009; purchased by the U.S. Department of Health, Education and Welfare; the proceeds were used to finance in part the construction of the O'Shaughnessy Education Center. The bonds are secured by (i) a first mortgage lien on O'Shaughnessy Education Center, and (ii) the full faith and credit of the University. The University received gifts from I.A. O'Shaughnessy that are functioning as a term endowment to provide principal and interest.

(d) $800,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series K, dated December 1, 1974, at various rates from 5.50% to 6.90%; remaining principal is $185,000 due in annual installments through 1994. The proceeds were used to construct the Faculty Residence Building. The bonds are secured by (i) a first mortgage lien on the Faculty Residence Building, (ii) the net revenues of the facilities, (iii) a Debt Service Reserve Account of $56,000, (iv) the Authority's General Bond Reserve Account, (v) the full faith and credit of the University, and (vi) a pledge by the University to charge tuition fees and other fees and charges sufficient to provide debt service.

(e) $685,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series U, dated January 1, 1978, at various interest rates from 4.40% to 5.90%; remaining principal is $440,000 due in annual installments through 2000. The proceeds were used to construct an addition to Murray Hall. The bonds are secured by (i) a first mortgage lien (ii) the guarantee of the University, (iii) a debt service reserve account of $44,800, and (iv) the Authority's General Bond Reserve Account.

(f) $1,800,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series X, dated September 1, 1978, at various interest rates from 6.00% to 7.00%; principal outstanding is $1,410,000 due in annual installments through 1999. The proceeds were used to construct John Paul II Residence Hall. The bonds are secured by (i) a first mortgage lien on the John Paul II Residence Hall, (ii) the guarantee of the University, (iii) the net revenues of the facility, (iv) a debt service reserve account of $112,000, and (v) the Authority's General Bond Reserve Account.

(g) A $577,150 contract for deed at 10%. Monthly interest installments of $3,600 will be paid until August 1, 1992 and a final payment of $483,098.26 will be due August 1, 1992. The contract is for the purchase of the Grand Avenue apartments. $450,808 is outstanding.

(h) A $1,175,000 promissory note bearing interest at a rate of 10% secured by a first mortgage on the "Peavey Building" located on Peavey Road in Chaska; monthly installments of $10,681 due through 1995. $425,128 is outstanding. This debt will be prepaid in full on April 1, 1992.

(i) $8,055,000 Minnesota Higher Education Facilities Authority Refunding Revenue Bonds, Series 1985-1, dated May 1, 1985, at various rates of interest from 5.25% to 8.20%; principal outstanding is $2,375,000 due July 1, 1986 through 1993. The proceeds refunded in advance of maturity the Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-D, and Series 1982-1, both dated August 6, 1982. The Bonds are secured by the full faith and credit of the University and a debt service reserve of $1,097,356.

(j) A $1,379,000 promissory note dated February 3, 1992, at various rates of interest from 4.70% to 6.50% and secured by a mortgage on the Hazeltine Gates building located in Chaska; principal is due in annual installments through December 1, 1995.

(k) $6,325,000 City of Chaska, Minnesota Industrial Development Revenue Bonds, Series 1985, dated December 1, 1985, payable through 2010, interest at 7.82% (average), secured by a ten-year Irrevocable Letter of Credit issued by Norwest Bank Minneapolis. $5,660,000 is outstanding. If the Letter of Credit is not renewed or replaced in 1995, the University will be required to pay or refinance the principal balance then remaining. As a condition to the issuance of the Letter of Credit, the University has pledged as collateral certain U.S. Treasury Bonds and Notes. Proceeds used to acquire the Hazeltine Gates Building.

(l) $5,500,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-I, at various rates of interest from 6.50% to 7.50%; principal outstanding is $5,450,000 due November 1, through 2015. The Bonds were originally issued on December 5, 1985 as variable rate bonds but were converted to fixed rate bonds on November 1, 1986. The Bonds are secured by the full faith and credit of the University and a debt service reserve of $531,750.

(m) $36,789 mortgage note payable in monthly installments of $307 through January 2007 at 8% interest; $32,721 is outstanding; secured by a mortgage on a townhouse in Hill City, Minnesota.

(n) $11,100,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-O, dated May 1, 1988 at various rates of interest; principal outstanding is $10,225,000 due October 1, through 2008. The proceeds were used to finance renovation and additions to five campus buildings. The bonds are secured by the full faith and credit of the University and a debt service reserve of $1,110,000.

(o) $4,415,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-S, dated May 1, 1989 at various rates of interest; principal outstanding is $4,285,000 due November 1 through 2014. The proceeds financed three building renovations and additions. The Series Two-S Bonds are secured by the full faith and credit of the University and a debt service reserve of $405,800.

(p) $24,405,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Three-C, dated March 1, 1991 at various rates of interest; principal due September 1, 1993 through 2016. The proceeds financed the new Minneapolis campus. The Series Three-C Bonds are secured by the full faith and credit of the University, a debt service reserve of $2,380,000, a security interest in contribution and pledges restricted to use for the Minneapolis campus, a mortgage on the building, and the proceeds of a revenue note issued by the Minneapolis Community Development Agency to the University and assigned to the trustee for the bondholders. The revenue note is in the principal amount of $9.2 million and is payable solely from available tax increment from another property in Minneapolis.

As of February 3, 1992, the total of long-term debt outstanding adjusted to include the Bonds is $68,854,657.

Annual Debt Service by Fiscal Year and Coverage Statement

The table on page I-19 shows (i) the annual debt service of the University for each of the listed Fiscal Years ending June 30th with respect to all long-term indebtedness, (ii) the estimated debt service for each of such Fiscal Years on the Bonds, assuming an average interest rate of 5.82% per annum and a schedule with respect to principal amortization as set forth on the cover page, (iii) the combined total annual debt service for each of such Fiscal Years with respect to the existing debt and the Bonds, and (iv) the amount of coverage for the combined annual debt service provided by the "income available for debt service" for the Fiscal Year ending June 30, 1991 and by the average annual "income available for debt service" for the two Fiscal Years ending June 30, 1990 and 1991, respectively. For purposes of this table "income available for debt service" means the sum of (i) unrestricted current fund revenues less unrestricted current fund expenses and mandatory transfers for all purposes for the applicable Fiscal Year plus (ii) mandatory transfers for the payment of debt service for such Fiscal Year, all as stated in the audited financial statements of the University attached hereto as Appendix V.

This table is intended merely to show the relationship of historic annual revenues of the University available for the payment of debt service to a proforma statement of combined annual debt service of the University after giving effect to the issuance of the Bonds based on an assumed interest rate and amortization schedule with respect thereto. It is not intended and should not be considered a projection of future revenues, expenses, debt service or debt service coverage of the University. There is no assurance that the future revenues, expenses, debt service and debt service coverage of the University or the respective relationships thereof will correspond to the revenues, expenses and debt service or the respective relationships thereof shown by or reflected in the following table.

ANNUAL DEBT SERVICE BY FISCAL YEAR AND COVERAGE STATEMENT

FISCAL YEAR ENDING	DEBT SERVICE ON THE BONDS(a)	EXISTING LONG TERM DEBT SERVICE	COMBINED LONG TERM DEBT SERVICE	ESTIMATED FY 1991 COVERAGE (times)(b)	TWO-YEAR AVERAGE COVERAGE (times)(b)
06/30/92	$0	$6,832,791	$6,832,791	1.14	1.27
06/30/93	567,454	6,708,149	7,275,603	1.07	1.20
06/30/94	910,541	5,460,478	6,371,019	1.22	1.37
06/30/95	1,213,609	5,444,610	6,658,219	1.17	1.31
06/30/96	1,328,584	5,440,125	6,768,709	1.15	1.29
06/30/97	1,336,484	5,248,965	6,585,449	1.18	1.32
06/30/98	1,315,765	5,263,200	6,578,965	1.18	1.32
06/30/99	1,316,252	5,276,996	6,593,248	1.18	1.32
06/30/00	1,312,114	5,091,152	6,403,266	1.22	1.36
06/30/01	1,303,151	4,932,488	6,235,639	1.25	1.40
06/30/02	1,313,407	4,503,468	5,816,875	1.34	1.50
06/30/03	1,316,876	4,521,298	5,838,174	1.33	1.49
06/30/04	1,289,688	4,513,426	5,803,114	1.34	1.50
06/30/05		4,512,303	4,512,303	1.73	1.93
06/30/06		4,503,773	4,503,773	1.73	1.93
06/30/07		4,474,060	4,474,060	1.74	1.95
06/30/08		4,484,744	4,484,744	1.74	1.94
06/30/09		4,580,748	4,580,748	1.70	1.90
06/30/10		3,422,051	3,422,051	2.27	2.54
06/30/11		3,340,546	3,340,546	2.33	2.61
06/30/12		2,774,083	2,774,083	2.81	3.14
06/30/13		2,773,903	2,773,903	2.81	3.14
06/30/14		2,768,080	2,768,080	2.81	3.14
06/30/15		2,770,894	2,770,894	2.81	3.14
06/30/16		2,402,869	2,402,869	3.24	3.62
06/30/17		1,933,544	1,933,544	4.03	4.50
Totals	$14,523,925	$113,978,743	$128,502,668		

(a) Estimated, based on average rate of 5.82%

(b) Coverage is based on amount available for debt service from the Unrestricted Current Fund, as compiled from audited financial reports of the University for fiscal years 1989-90 and 1990-91, as follows:

	1989-90	1990-91	
Unrestricted Current Fund ("UCF") Revenues:	$78,673,222	$85,931,151	
Less UCF Expenditures & Mandatory Transfers:	73,941,309	83,143,456	
Excess of UCF Revenues over UCF Expenditures and Mandatory Transfers:	$4,731,913	$2,787,695	*
Add: Mandatory Transfers for Debt Service:	4,891,404	4,997,166	
Amount Available for Debt Service:	$9,623,317	$7,784,861	**
Two-Year Average:		$8,704,089	

* Excess of UCF Revenues over Expenditures and Mandatory Transfers was lower by the amount of $1,775,374 than would otherwise have been the case due to a non-recurring expenditure in that amount for the purpose of establishing the Aquinas Foundation (see Statement of Current Fund Revenues, Expenditures and Other Changes, Appendix V, page V-8).

** The amount available for debt service does not include any amounts which may be realized from pledges and contributions and the revenue note which secure the Authority's Series Three-C Bonds issued on behalf of the University in 1991 (see "Long-Term Debt," pgph. (p), page I-19).

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$__________
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Three-I
(University of St. Thomas)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered Revenue Bonds, Series Three-I (University of St. Thomas), in the aggregate principal amount of $_________ (the "Bonds"), dated April 1, 1992, in the denomination of $5,000 each and integral multiples thereof, maturing on October 1 in the years and amounts and bearing interest at the basic rates per annum as follows:

Year	Amount	Basic Interest Rate	Year	Amount	Basic Interest Rate
1993	$	%	1999	$	%
1994			2000		
1995			2001		
1996			2002		
1997			2003		
1998					

The Bonds are subject to optional redemption prior to the stated maturities thereof as provided in the Bonds. Interest on the Bonds is payable on each April 1 and October 1, commencing October 1, 1992. In the event of a Determination of Taxability (as defined in the Loan Agreement and Trust Indenture referred to below), the Bonds will bear additional interest at the rate of 2.00% per annum from the Date of Taxability (as defined). Interest is payable by check or draft mailed or sent by wire transfer to the registered owner, and principal is payable at the principal corporate trust office of Norwest Bank Minnesota, National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee"). The Bonds are issued for the purpose of funding a loan from the Authority to the University of St. Thomas, a Minnesota nonprofit corporation and institution of higher education having its main office in the City of St. Paul, Minnesota (the "University"), in order to finance the costs of a project consisting of the acquisition, construction, furnishing and equipping, including appurtenant site improvements, of a building addition on the campus of the University, with appurtenant site improvements, and acquisition and installation of equipment (as further described in the Loan Agreement and

Indenture, the "Project"). We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the University and the Trust Indenture (the "Indenture") between the Authority and the Trustee, each dated as of April 1, 1992, opinions of Moore, Costello & Hart and Larkin, Hoffman, Daly & Lindgren, Ltd., as counsel to the University, an Owner's Title Insurance Policy issued by Minnesota Title, the form of the Bonds prepared for execution, and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the University without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Moore, Costello & Hart, as to the Loan Agreement having been duly authorized and executed and being binding upon the University, as to the corporate organization, good standing and powers of the University, and on (i) the opinions of Moore, Costello & Hart, and (ii) an Owner's Policy of Title Insurance issued by Minnesota Title as to title to the Campus Site (as defined in the Loan Agreement and Indenture) and on confirmations of further title opinions of Larkin, Hoffman, Daly & Lindgren, Ltd. as to a portion of the Campus Site, without examining the records of the University or original title records or abstracts of title.

We have not been engaged or undertaken to verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only matters set forth as our opinion in the Official Statement).

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Authority is an agency of the State of Minnesota with authority under Sections 136A.25 to 136A.42, Minnesota Statutes, as amended, to issue the Bonds, to loan the proceeds thereof to the University and to execute and deliver the Loan Agreement and the Indenture to secure the Bonds.

2. The Loan Agreement and the Indenture are valid and binding instruments of the parties thereto, enforceable in accordance with their terms.

3. The Bonds are secured by the assignment of the loan repayments payable by the University under the Loan Agreement, to the Trustee in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the

Bonds when due, by the pledge of the funds and investments held by the Trustee under the Indenture.

4. Assuming compliance with the covenants in the Loan Agreement and Indenture, the interest on the Bonds is not includable in gross income for purposes of Federal income taxation or in taxable income of individuals, estates and trusts for purposes of Minnesota income taxation under present laws and rulings. Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") or Minnesota alternative minimum tax applicable to individuals, trusts and estates. Interest on the Bonds is includable in "adjusted current earnings" for the purpose of determining the "alternative minimum taxable income" of corporations under Section 55 of the Code and is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a "financial institution" under Section 265(b) of the Code. Reference is made to the caption "Tax Exemption" in the Official Statement for a description of the effect of certain provisions of the Code relating to, among other things, the environmental tax imposed on corporations, the branch profits tax imposed on foreign corporations, losses incurred by property and casualty insurance companies, Subchapter C earnings of S corporations, net investment income of foreign corporations, and the taxability of Social Security and railroad retirement benefits.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Indenture and the Loan Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in accordance with general principles of law.

Dated at Minneapolis, Minnesota, _____________, 1992.

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DEFINITION OF CERTAIN TERMS

Act: Sections 136A.25 to 136A.42, Minnesota Statutes, as amended.

Additional Bonds: Any Additional Bonds issued by the Authority on behalf of the University pursuant to section 2.09 of the Indenture.

Authority: The Minnesota Higher Education Facilities Authority.

Authorized Authority Representative: The person at the time designated to act on behalf of the Authority by written certificate furnished to the University and the Trustee, containing the specimen signature of such person and signed on behalf of the Authority by its Chair, Vice Chair, Secretary or Executive Director. Such certificate may designate an alternate or alternates.

Authorized Institution Representative: The person at the time designated to act on behalf of the University by written certificate furnished to the Authority and the Trustee, containing the specimen signature of such person and signed on behalf of the University by the Chairman or the Secretary of its Board of Trustees or the President or the Provost of the University. Such certificate may designate an alternate or alternates.

Authorized Investments: Investments authorized for moneys in the accounts created under Article V of the Indenture and described in Section 5.04 thereof.

Board of Trustees: The Board of Trustees of the University, including the Executive Committee authorized to act for such board.

Bond and Interest Sinking Fund Account: The account established pursuant to the Indenture into which the Authority and Trustee shall deposit certain moneys for payment of principal of and interest on the Bonds.

Bonds: $10,200,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Three-I (University of St. Thomas) and any Additional Bonds then outstanding.

Bond Closing: The original issuance, sale and delivery of the Bonds.

Bond Resolution: The Series Resolution of the Authority adopted on March 25, 1992, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bond Year: (a) the period from the Issue Date to the close of business on October 1, 1992 and (b) each succeeding 12-month period ending at the close of business on October 1 of each year in which the outstanding Bonds, if paid at their stated maturity dates, shall be outstanding.

Building Equipment: Those items of goods, equipment, furnishings, furniture, inventory, machinery or other tangible personal property now or hereafter owned by the University and located in the Project Building acquired from funds other than the proceeds of the Bonds.

Business Day: Any day other than Saturday, Sunday, a legal holiday in the State of Minnesota, or any other day that banks in Minnesota are not open for business.

Construction Account: The account established under the Indenture for the deposit of certain Bond proceeds to be used for the payment of Project Costs.

Determination of Taxability: A Notice of Deficiency issued by the Internal Revenue Service or a final decision of a court of competent jurisdiction to the effect that the interest payable on the Bonds is includable in gross income for purposes of federal income taxation by reason of the application of the provisions of Section 103 of the Internal Revenue Code, related sections and regulations thereunder, in effect on the date of issuance of the Bonds. A determination that interest on the Bonds is includible in the computation of any alternative minimum tax is not a Determination of Taxability.

Event of Default: An Event of Default described in the Indenture or Loan Agreement and summarized in this Official Statement in the sections entitled "THE INDENTURE - Events of Default" and "THE LOAN AGREEMENT - Events of Default."

Financial Journal: Northwestern Financial Review, The Bond Buyer, or any other newspaper or journal devoted to financial news published in the English language in Minneapolis or St. Paul, Minnesota, or in the City of New York, New York.

Fiscal Year: The University's fiscal year, initially the 12-month period commencing on July 1 in each year.

General Bond Resolution: The General Bond Resolution adopted by the Authority on October 31, 1972, and any amendments thereto.

Holder, Bondholder, or Owner: The person in whose name a Bond is registered.

Indenture: The Trust Indenture between the Authority and the Trustee, dated as of April 1, 1992, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Institution: The University.

Internal Revenue Code: The Internal Revenue Code of 1986 and amendments thereto.

Issue: The Bonds.

Issue Date: The date on which the Bonds are delivered to the original purchasers thereof upon original issuance.

Loan Agreement: The Loan Agreement between the Authority and the University dated as of April 1, 1992, as amended or supplemented from time to time.

Loan Repayments: Payments required to be made by the University to the Trustee pursuant to Section 4.02 of the Loan Agreement.

Net Proceeds: When used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the University as owner or lessee and the Trustee as secured party, less the cost of recovery (including attorneys' fees) of such moneys from the insuring company or the condemning authority.

Permitted Encumbrances: As of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an independent engineer certifies will not interfere with or impair the use of or operations being conducted in the Project Facilities, (iii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities and as do not in the aggregate, in the opinion of independent counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Institution, and (iv) those additional encumbrances set forth in Exhibit C of the Loan Agreement.

Project: (i) the acquisition and installation of a telecommunications system on the Minneapolis and St. Paul campuses of the University, (ii) the replacement and renovation of two boilers and related equipment on the St. Paul campus and (iii) the construction, furnishing and equipping of an approximately 15,000 square foot addition to the physical plant headquarters on the St. Paul campus to include trade shops, a recycling center and warehouse and storage space, each including appurtenant site improvements, and to be owned and operated by the University and located on the Minneapolis and St. Paul campuses of the University as set forth above.

Project Building: The addition to the existing physical plant headquarters to be acquired, constructed, furnished and equipped as part of the Project.

Project Costs: Costs properly payable from the Construction Account in relation to the Project.

Project Equipment: All furnishings, furniture, fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Bonds and installed and located in or as part of the Project Building or other University buildings or elsewhere as part of the Project.

Project Facilities: The Project Site, the Project Building, and the Project Equipment.

Project Site: The land on which the Project Building is to be located or otherwise to be improved as part of the Project.

Redemption Account: The Redemption Account created under the Indenture for deposit of any moneys received which are not otherwise committed. Moneys in the Redemption Account shall be used (i) to create and maintain the required balance in the Bond and Interest Sinking Fund Account, (ii) to create and maintain the required reserve in the Reserve Account, and (iii) to redeem or prepay outstanding Bonds or to purchase outstanding Bonds for redemption and cancellation. Moneys in the Redemption Account may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the University or the Authority fails to provide for payment of any rebate.

Regular Record Date: The 15th day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

Reserve Account: The Reserve Account established under the Indenture, into which at Bond closing will be placed Bond proceeds in the amount of the Reserve Requirement (approximately $_____). Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient therefor and may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the University or the Authority fails to provide for payment of any rebate.

Reference Rate: The interest rate per annum announced from time to time by Norwest Bank Minnesota, National Association as its prime or reference rate.

Reserve Requirement: (i) If no Additional Bonds are outstanding, 10% of the proceeds (par value less original issue discount according to the reoffering scale) received from the issuance and sale of the Bonds or (ii) if Additional Bonds are outstanding, the sum of (A) the amount set forth in subsection (i) plus (B) the maximum amount of principal of and interest on Additional Bonds payable in any remaining Bond Year or (if less) 10% of the proceeds (par value less original issue discount according to the reoffering scale) received from the issuance and sale of the Additional Bonds.

Series Three-I Bonds: The Bonds.

Special Record Date: The record date set by the Trustee for the purpose of paying defaulted interest.

Trust Estate: All the rights, interests and security given to the Trustee under the Indenture as security for the Bonds.

Trustee, Registrar, Paying Agent: Norwest Bank Minnesota, National Association, Minneapolis, Minnesota.

University: University of St. Thomas, a Minnesota non-profit corporation and institution of higher learning, its successors and assigns.

SUMMARY OF DOCUMENTS

The following is a summary of certain provisions of the Loan Agreement. This summary does not purport to be complete and reference is made to the full text of the Loan Agreement for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITIONS OF CERTAIN TERMS," Appendix III, contained herein.

Construction of Project

The University represents that the acquisition, construction and improvement of the Project are to be substantially completed by no later than December 31, 1993 subject only to "force majeure," as provided in the Loan Agreement, provided that the University may apply to the Authority at any time to delete from the Project any building, system or equipment proposed to be acquired, constructed or improved as part of the Project, or to add any building, system or equipment to the Project, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the University, a copy of which shall be furnished to the Trustee, provided that no such amendment of the description of the Project shall be approved if the Project, as so amended, will not constitute an authorized "project" under the Act or will adversely affect the tax exempt status of interest on the Bonds. The University agrees that it has previously paid or will itself pay all costs relating to the acquisition, construction, improving and equipping of the Project, including costs of issuance of the Bonds, to the extent such payments and costs are not met from proceeds of the Bonds in the Construction Account. In addition, the University covenants that it will not apply proceeds of the Bonds in an amount exceeding 2.00% of the proceeds (par value less original discount, if any, according to the reoffering scale) of the Bonds to the payment of any costs of issuance of the Bonds, including underwriting discount, initial fees of the Trustee and the Authority, financial advisory fees, legal fees, and other issuance expenses.

Loan Repayments

Under the Loan Agreement, the University agrees to make Loan Repayments in amounts and at times sufficient to provide for payment in full of all principal of and interest on the Bonds when due. To provide for such payments the University covenants to pay for the account of the Authority in immediately available funds the following amounts:

(a) at least 10 Business Days prior to each April 1 and October 1, commencing October 1, 1992, into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest, or as principal and interest, on the Series Three-I Bonds on the next succeeding interest payment date; provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, and (ii) any credits permitted by Sections 5.02, 5.03, 5.04 or 5.05 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds); and

(b) at least ten (10) Business Days prior to a date established for the optional redemption and prepayment of the Series Three-I Bonds, into the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Series Three-I Bonds called for redemption from the Redemption Account; and

(c) forthwith into the Bond and Interest Sinking Fund Account or Redemption Account, as appropriate, the amount of any deficiency in the event that the funds on deposit in the

Bond and Interest Sinking Fund Account or Redemption Account on any Bond principal or interest payment date are for any reason insufficient to pay principal, premium (if any) and interest on the Series Three-I Bonds then due or then to become due (whether at maturity, or by call for redemption, or by acceleration of maturity); and

(d) into the Reserve Account forthwith any amounts then required to be deposited therein by Section 5.02 of the Indenture; and

(e) into any fund or account designated by the Trustee funds in the amount determined by the Trustee to be necessary to comply with the provisions of Section 6.09(f) of the Loan Agreement and Section 5.06 of the Indenture (relating to arbitrage rebate).

There is reserved to the University the right to prepay all or part of the Loan and to redeem Bonds prior to their maturity in certain events as described under "THE BONDS."

As additional payments the University agrees to pay the annual fee of the Authority, fees and expenses of the Trustee, rebate of certain excess investment earnings to the United States, and certain other expenses.

Use of Project Facilities

The University agrees to use the Project Facilities as educational facilities, in compliance with law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with a program of a school or department of divinity for any religious denomination. The University agrees not to permit use of the Project Facilities in such manner or to such an extent as would result in loss of the tax-exemption of interest on the Bonds under the Internal Revenue Code or loss of its status as an exempt organization under Section 501(c)(3) of the Code.

Maintenance of Project Facilities

The University agrees that, so long as there are Bonds outstanding, the University will keep the Project Facilities in good repair and good operating condition at its own cost, making such repairs and replacements as are necessary so that the Project will remain a "project" under the Act and interest on the Bonds will be exempt from federal income taxation. The University may lease or sublease or enter into agreements in the ordinary course of business for the use of the Project Facilities, so long as the tax-exempt status of the Bonds will not be affected thereby and such lease, sublease or use agreement shall not be inconsistent with the Loan Agreement, the Indenture or the Act.

Title to Property and Liens

Except for Permitted Encumbrances, the University will not permit any liens to be established or to remain against the Project Facilities (but excluding all portions of the telecommunications system to be acquired and installed as part of the Project Facilities except the switch equipment, management system and related software portion of such system) including any mechanics liens for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements, provided the University may in good faith contest any liens filed or established against such Project Facilities and may permit the items so contested to remain undischarged and unsatisfied during the period of such contest unless the Authority or Trustee shall notify the University that, in the opinion of independent counsel, by nonpayment of any such items such Project Facilities will be subject to loss or forfeiture, in which event the University shall promptly pay all such items.

Taxes and Other Governmental Charges

The University will pay all taxes, special assessments, license fees and governmental charges of any kind that may at any time be lawfully assessed or levied against, or with respect to the operations of the University, or the Project Facilities or any improvements, equipment or related property installed or bought by the University therein or thereon, or the Bonds, the Loan Agreement, the Indenture, or the interest of the Authority, the Trustee, or the Bondholders therein.

The University may, at its expense, in good faith contest any such taxes, assessments, license fees and other charges and may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest unless the Authority or the Trustee shall notify the University that, in the opinion of independent counsel, by nonpayment of any such items the Project Facilities or any part thereof, or the revenue therefrom will be subject to loss or forfeiture, in which event such items shall be paid promptly.

Insurance

The University is required to maintain, or cause to be maintained, insurance as follows:

(a) Insurance against loss and/or damage to the Project Facilities and contents, including fire and extended coverage in an amount not less than 80% of the full insurable replacement value of the Project Building and Project Equipment.

(b) Comprehensive general public liability insurance against liability for personal injury in the minimum amount for each occurrence of $5,000,000 and aggregate for each year of $5,000,000 and against liability for property damage in the minimum amount for each occurrence of $100,000.

(c) Workers' compensation insurance in such amount as is customarily carried by organizations in like activities of comparable size and liability exposure to the University.

Upon the written request of the University, the Trustee (i) may permit modifications to such insurance requirements and deductible amounts, including permission for the University to be self-insured in whole or in part for any such comprehensive general public liability insurance and workers' compensation insurance coverage, upon such terms and conditions as the Trustee may require, and (ii) shall permit modifications to such insurance requirements and deductible amounts, including permission for self-insurance, in accordance with the recommendation of an independent insurance consultant employed by the University and satisfactory to the Trustee.

The University is required to furnish to the Trustee policies or certificates or binders evidencing the required insurance. Each required policy shall contain a provision that the insurer will not cancel or modify the policy without giving written notice to the University and the Trustee at least thirty days before the cancellation or modification becomes effective.

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments, and to the extent that the claim for loss resulting from such damage or destruction is not greater than $100,000, the University will promptly repair, rebuild or restore the property damaged or destroyed with such changes, alterations and modifications (including the substitution and addition of other property) as will not impair the character or significance of the Project Facilities as educational facilities. To the extent that the claim for loss resulting from such damage or destruction exceeds $100,000, the University shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds in whole or in part as more fully provided in the Loan Agreement.

Condemnation

If at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to the Project Building or any other University building containing either (i) the boiler systems to be renovated and replaced as part of the Project or (ii) the switch equipment, management system and related software portion of the telecommunications system to be acquired and installed as part of the Project, and site thereof shall be taken in any proceeding involving the exercise of the right of eminent domain, the University shall either redeem the Bonds in whole or in part or rebuild or restore such facilities, as more fully provided in the Loan Agreement.

Removal or Release of Project Equipment and Building Equipment

The University may remove or release Project Equipment and Building Equipment from the Project Facilities if no Default exists and upon the following conditions:

(a) the University may substitute furnishings, equipment and related property for any Project Equipment and Building Equipment, provided that such substitution shall not materially impair the character or revenue producing significance of the Project Facilities;

(b) the University may release any equipment from the definition of Project Equipment (with or without the physical removal thereof) without substitution therefor, provided that the University pays a sum equal to the then value of such Project Equipment as determined by an Independent Engineer selected by the University, to the Trustee for deposit in the Redemption Fund for the redemption and prepayment of the Three-I Bonds; provided that if the original cost of any item of equipment so removed was less than $25,000, such release without substitution and such deposit to the Redemption Account may be effected without such determination of value and Certificate by an Independent Engineer upon such showing by the University as may be satisfactory to the Trustee;

(c) the University may remove any Building Equipment without substitution therefor provided that such removal will not materially impair the character or revenue producing significance of the Project Facilities.

In connection with (a), (b), and (c) above, if the original cost of the Project Equipment or Building Equipment to be substituted, removed or released equals or exceeds $25,000 the University will deliver to the Trustee a certificate signed by the Authorized Institution Representative stating that the removal or release of such equipment will not materially impair the character or revenue producing significance of the Project Facilities.

Indemnification

The University agrees to hold the Authority, its members and employees, harmless against any claim, cause of action, suit or liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities and the use thereof, including that caused by any negligence of the Authority or anyone acting in its behalf, provided that the indemnity shall be effective only to the extent of any loss that may be sustained by the Authority in excess of the net proceeds received by the Authority from any insurance carried with respect to the loss sustained.

The University agrees to indemnify and hold harmless the Authority against any and all losses, claims, damages or liability to which the Authority may become subject under law, and to reimburse the Authority for any out-of-pocket legal and other expenses (including reasonable counsel fees) incurred by the Authority in connection with investigating any such losses, claims, damages, or liabilities or in connection with defending any actions, insofar as the same relate to information furnished to the Authority by the University in connection with the sale of the Bonds.

Existence and Accreditation of University

The University agrees that during the term of the Loan Agreement it will maintain its existence as a nonprofit corporation and institution of higher education under the laws of Minnesota, accredited as such by recognized accrediting agencies, and that it will not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another institution except upon the conditions provided in the Loan Agreement. The conditions are the following: (a) if the surviving, resulting or transferee corporation or institution, as the case may be, is other than the University, such surviving, resulting or transferee corporation or institution shall assume in writing all of the obligations of the University in the Loan Agreement and shall be either a state university or college or a nonprofit corporation operating or authorized to operate an institution of higher education under the laws of Minnesota, eligible to be a participating nonprofit institution under the Act, and complies and will comply with the provisions of the Loan Agreement against discrimination and requiring that the University be nonsectarian; and (b) the University shall furnish to the Trustee an opinion of bond counsel that such consolidation, merger or transfer shall have no effect upon the tax-exempt nature of the interest on the Bonds under the Internal Revenue Code and regulations thereunder.

$150,000,000 Limitation on Outstanding Non-Hospital Bonds

The University has represented that the sum of the principal amount of the Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt Non-Hospital bonds issued on behalf of or for the benefit of the University and all organizations under common management or control with the University (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, does not exceed $150,000,000. Under the Loan Agreement, in no event will the University affiliate or consolidate with or merge into another corporation or sell or otherwise transfer to another institution all or substantially all of its assets as an entirety if the effect of any such transaction would be to cause the sum of the principal amount of the Series Three-I Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt bonds issued by or on behalf of the University or such other resulting entity, and all organizations under common management or control with the University or such resulting entity (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, to exceed $150,000,000.

University To Be Nonsectarian

The University agrees that except with respect to the School of Divinity, it will continue to be nonsectarian; will not require or forbid attendance by students or any other persons at religious worship or acceptance of any religious creed; and will not promulgate the distinctive doctrines, creeds or tenets of any particular religious sect.

Federal Income Tax Status

The University represents that it presently is and agrees that it shall take all appropriate measures to assure that it remains an organization described in Section 501(c)(3) of the Internal Revenue Code, exempt from income taxes under Section 501(a) of such Code.

Determination of Taxability

In the event a Determination of Taxability is made that interest payable on the Bonds is includible in gross income for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Bonds, the Bonds shall bear additional interest at the rate of two percent (2.00%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, as a whole or in part, on the next practicable date and on any date thereafter and the redemption price therefor shall be equal to par plus accrued interest (including additional interest from the Date of Taxability).

Other Covenants

The University agrees to provide financial statements and other information to the Authority and the Trustee; to comply with all applicable laws and regulations against discrimination, and not to discriminate on account of religion, race, color or creed in the use of the Project Facilities; to provide and file such financing statements and other instruments of further assurance as the Trustee may request; to perform all obligations imposed by the Internal Revenue Code and regulations thereunder with respect to the non-arbitrage status of the Bonds; and to observe all applicable State laws and regulations, including those of the Authority and the Minnesota Higher Education Coordinating Board, subject to the right of contest.

The Authority further agrees to comply with the applicable rebate requirements imposed under Section 148(f) of the Internal Revenue Code with respect (but only with respect) to amounts paid by the University to the Authority as the Authority's annual fee under the Loan Agreement and any income earned or imputed therefrom.

Events of Default

Following are Events of Default under Section 7.01 of the Loan Agreement:

(a) If the University shall fail to make any Loan Repayment when due and either (i) the moneys on deposit in the Bond and Interest Sinking Fund Account, Reserve Account or Redemption Account, as the case may be, on a Bond principal or interest payment date are insufficient to pay when due principal, premium, if any, and interest on the Bonds, or (ii) such failure shall continue for 5 Business Days after notice from the Trustee or the Authority to the University that such payment has not been made; or

(b) If the University shall fail to comply with the provisions of Section 6.09(f) of the Loan Agreement (relating to arbitrage calculation and rebate requirements); or

(c) If the University shall fail to maintain the balance in the Reserve Account in the amount of the Reserve Requirement, provided failure to comply with such requirement shall not become an Event of Default unless the University fails to restore such deficiency within a period of thirty (30) days after written notice specifying such deficiency and requesting that it be remedied is given to the University by the Authority or the Trustee; or

(d) If the University shall fail to observe and perform for reasons other than force majeure any other covenant, condition or agreement on its part under the Loan Agreement for a period of thirty (30) days after written notice, specifying such default and requesting that it be remedied, is given to the University by the Authority or the Trustee; or

(e) If the University files a petition in voluntary bankruptcy, or for the composition of its affairs or for its corporate reorganization under any state or Federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the property of the University; or

(f) If a court of competent jurisdiction shall enter an order, judgment or decree against the University in any insolvency, bankruptcy, or reorganization proceeding, or appointing a trustee or receiver of the University or of the whole or any substantial part of the property of the University, and such order, judgment or decree shall not be vacated or set aside or stayed within ninety days from the date of the entry thereof; or

(g) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the University or of the whole or any substantial part of the property of the University, and such custody or control shall not be terminated within ninety days from the date of assumption of such custody or control.

The term "force majeure" as used above includes the following: acts of God; strikes, lockouts or other employee disturbances; acts of public enemies; orders, regulations or laws of any kind of the government of the United States of America or of the State of Minnesota or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the University. The provisions of paragraph (f) above, are subject to the further limitation that if the Default can be remedied but not within a period of thirty days after notice and if the University has taken all action reasonably possible to remedy such default within such thirty-day period, the default shall not become an Event of Default for so long as the University shall diligently proceed to remedy such default and in accordance with any directions or limitations of time made by the Trustee. The University agrees, however, to use its best efforts to remedy with all reasonable dispatch any cause or causes preventing the University from carrying out its agreements.

Remedies on Default

Whenever any Event of Default shall have happened, and be subsisting, the Loan Agreement provides that any one or more of the following steps may be taken:

(a) The Trustee may declare all or any amount of Loan Repayments thereafter to become due under and payable for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The Trustee (or the Authority with respect to certain sections of the Loan Agreement) may take whatever action at law or in equity which may appear necessary or desirable to collect the payments then due and thereafter to become due under the Loan Agreement.

(c) The Trustee may take whatever action in law or equity which appears necessary or desirable to enforce the security provided by or enforce any provision of the Loan Agreement or the Indenture in accordance with the provisions thereof.

Amendments

Except as otherwise provided in the Loan Agreement or in the Indenture, subsequent to issuance of the Bonds and so long as any Bonds are outstanding, the Loan Agreement may not be amended without the prior written consent of the Trustee.

THE INDENTURE

The following constitutes a summary of certain provisions of the Trust Indenture (the "Indenture"). This summary does not purport to be complete and reference is made to the full text of the Indenture for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITIONS OF CERTAIN TERMS," Appendix III, contained herein.

Granting Clauses

Pursuant to the Indenture, the Authority grants to the Trustee, as security for the Holders of the Bonds, the following:

(a) all right, title and interest of the Authority under the Loan Agreement and all Loan Repayments and other sums due under the Loan Agreement, except the Authority's annual fee and rights to indemnity and reimbursement;

(b) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be paid and maintained under the Indenture, (ii) moneys and investments in the Construction Account not paid out for Project Costs, and (iii) all accounts, contract rights, general intangibles, moneys and instruments arising therefrom or relating thereto and all proceeds and products of and accessions to any thereof; and

(c) any and all other property of every name and nature from time to time conveyed, mortgaged, assigned or transferred, or in which a security interest is granted, by the Authority or the University or by anyone in behalf of them or with their written consent, to the Trustee.

Accounts

Bond proceeds and revenues derived under the Loan Agreement or Indenture shall be deposited into accounts held by the Trustee as described in "ACCOUNTS," contained in the body of this Official Statement.

Additional Bonds

Provided certain conditions more fully described in the Indenture have been met, the Authority may in its discretion and with the consent of the University issue Additional Bonds, to be secured on a parity with the Series Three-I Bonds, (i) to provide funds to complete the Project, or (ii) to refund all or any series or portion of series of the then outstanding Bonds, or (iii) to provide funds for improvements to or alterations, repairs or replacement of the Project Facilities or (iv) for another project or projects, as defined in and authorized by the Act.

Trustee's Right to Payment

The Trustee shall have a lien, with right of payment prior to payment of interest on or principal of the Bonds, for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created by the Indenture and exercise and performance of the powers and duties of the Trustee under the Indenture, and the cost and expenses incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee).

Covenants of the Authority

Under the Indenture the Authority covenants, among other things, to perform its various undertakings and agreements; not to extend the maturity of any of the Bonds or the time of payment of any claims for interest; to take such action or cause and permit the Trustee to take such action as may be necessary and advisable to enforce the covenants, terms and conditions of the Loan Agreement, if such action shall, in the discretion of the Trustee, be deemed to be in the best interests of the Authority or the Bondholders; to comply with the applicable arbitrage rebate requirements under Section 148(f) of the Code and regulations thereunder; to keep proper books, accounts and records; and not to issue or permit to be issued any Bonds under the Indenture in any manner other than in accordance with the provisions of the Indenture and not to suffer or permit any default to occur under the Indenture. Under the Act, and it is expressly agreed that, the Authority has no obligation to make any advance or payment or incur any expense or liability from its general funds for performing any of the conditions, covenants or requirements of the Indenture or from any funds other than Loan Repayments or Bond proceeds.

Events of Default

The following are Events of Default under the Indenture:

(a) If payment of the principal of any of the Bonds, when the same shall become due and payable (whether at maturity or by proceedings for redemption or by declaration of acceleration or otherwise), shall not be made; or

(b) If payment of any interest on the Bonds when the same shall become due and payable (in which case interest shall be payable to the extent permitted by law on any overdue installments of interest, in each case at the interest rate borne by the Bonds in respect of which such interest is overdue) shall not be made; or

(c) If the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, or in any supplemental indenture on the part of the Authority to be performed, and such default shall have continued for a period of sixty days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Authority and to the University (giving the University the privilege of curing such default in the name of the Authority, if permitted by law) by the Trustee, which may give such notice in its discretion and shall give such notice upon written request of the Holders of not less than a majority in principal amount of the Bonds then outstanding; or

(d) If any "event of default" on the part of the University, as that term is defined in the Loan Agreement shall occur and be continuing.

Remedies

Upon the occurrence of an Event of Default, the Trustee may, and upon written request of the Holders of a majority in aggregate principal amount of Bonds outstanding shall, by notice in writing delivered to the Authority, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable subject, however, to the right of the Holders of a majority in aggregate principal amount of Bonds then outstanding, by written notice to the Authority and to the Trustee, to annul such declaration and destroy its effect at any time if all covenants with respect to which default shall have been made shall be fully performed or made good, and all arrears of interest upon all Bonds outstanding and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other indebtedness secured by the Indenture (except the principal of any Bonds which have not then attained their stated maturity and interest accrued on such Bonds since the last interest payment date) shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

In the case of the breach of any of the covenants or conditions of the Loan Agreement or the Indenture, the Trustee, anything therein contained to the contrary notwithstanding and without any request from any Bondholder (subject, however to its rights to indemnity and notice provided in the Indenture) shall be obligated to take such action or actions for the enforcement of its rights and the rights of the Bondholders and the rights of the Authority under the Loan Agreement as due diligence, prudence and care would require and to pursue the same with like diligence, prudence and care.

Upon the happening and continuance of an Event of Default, the Trustee may, and shall upon the written request of the Holders of not less than a majority in aggregate principal amount of outstanding Bonds, proceed forthwith by suit or suits at law or in equity or by any other appropriate remedy to enforce payment of the Bonds, to enforce application to payment of the Bonds the funds, revenues and income appropriated thereto by the Indenture and by the Bonds, and to enforce any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee need not proceed upon any such written request of the Bondholders, as aforesaid, unless such Bondholders shall have offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby.

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to the Reference Rate, which advances are given priority of payment. The Trustee also has a lien with right of payment prior to payment of Bond interest or principal for reasonable compensation, expenses, advances and counsel fees. The responsibilities of the Trustee prior to an Event of Default are limited to express provisions of the Indenture, and at all times the Trustee shall not be liable unless it acts negligently or in bad faith. The Trustee is not required to institute suit or take other steps to enforce its rights and powers unless indemnified to its satisfaction against all costs and expenses. The Trustee and its officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the University to the same extent as if it were not Trustee. Provision is made for the succession or replacement of the Trustee by another corporate Trustee with a minimum capital, surplus and undivided profits of $10 million in event of merger, resignation, or removal by Holders of a majority in principal amount of outstanding Bonds, or in the event of disability, by the Authority or a court.

Concerning the Bondholders

No Bondholder shall have any right to institute any proceeding in equity or at law for the enforcement of the Indenture or for any remedy under the Loan Agreement unless a default has occurred of which the Trustee has been notified or of which it is deemed to have notice; nor unless also such default shall have become an Event of Default and the Holders of a majority in aggregate principal amount of Bonds outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its own name; nor unless also they shall have offered to the Trustee indemnity as provided in the Indenture; and no one or more Bondholders shall have the right to affect, disturb, or prejudice the lien of the Indenture by his or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner therein provided and for the equal benefit of the Holders of all Bonds outstanding.

The Trustee, upon the written request of the Holders of a majority in principal amount of the Bonds at the time outstanding, shall waive any default under the Indenture and its consequences, except a default in the payment of the principal of the Bonds at the date of maturity specified therein; provided, however, that a default in the payment of interest on the Bonds shall not be waived unless, prior to such waiver, all arrears of interest, and all expenses of the Trustee shall have been paid or shall have been provided for by deposit with the Trustee of a sum sufficient to pay the same. In case of any such waiver, the Authority, the Trustee and the Holders of the Bonds shall be restored to their former positions and rights respectively. No waiver of any default or Event of Default, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Provision is made for meetings of Bondholders, proof of ownership of Bonds and execution of consents and other instruments by Bondholders.

Defeasance

If the Authority and the University shall:

(a) pay or cause to be paid the principal of, and premium, if any, and interest on the Bonds at the time and in the manner stipulated therein and in the Indenture, or

(b) provide for the payment of principal of, premium, if any, and interest on the outstanding Bonds by depositing with the Trustee at or at any time before maturity an amount either in cash or direct obligations of the United States in such aggregate face amount, bearing interest at such rates, and maturing on such dates sufficient to pay the entire amount due or to become due for principal and premium, if any, and interest to maturity of all Bonds outstanding, or

(c) deliver to the Trustee (1) proof that notice of redemption of all of the outstanding Bonds not surrendered or to be surrendered to it for cancellation has been given or waived, or that arrangements have been made insuring that such notice will be given or waived, or (2) a written instrument executed by the University for the Authority under its official seal and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Authority, or (3) file with the Trustee a waiver of such notice of redemption signed by the Holders of all such outstanding Bonds, and in any case, deposit with the

Trustee before the date on which such Bonds are to be redeemed, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of the redemption price on the date such Bonds are to be redeemed and on any interest payment dates, or

(d) surrender to the Trustee for cancellation all Bonds,

and shall also pay all other sums due and payable under the Indenture by the Authority, and shall also pay or provide for the payment of the unpaid fees and expenses of the Trustee and the rebate of all amounts due or to become due to the United States under Section 148(f) of the Internal Revenue Code and regulations thereunder, then at the request of the Authority or the University all the Trust Estate shall revert to the Authority and the University as their interests appear, and the entire estate, right, title and interest of the Trustee, and of registered owners of such Bonds in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon cancellation of all such Bonds for the payment of which cash or government obligations shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Authority and of a certificate of the Authority and an opinion of counsel as to compliance with conditions precedent, and at its cost and expense, execute to the Authority, or its order, proper instruments acknowledging satisfaction of the Indenture and surrender to the Authority or its order, all cash and deposited securities, if any (except that held for the payment of the Bonds), which shall then be held thereunder.

When the Authority or the University shall have deposited at any time with the Trustee in trust for the purpose, in the manner provided, or left with it if previously so deposited, cash or direct obligations of the United States of America sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof and to pay all interest with respect thereto at the due date of such interest or to the date fixed for redemption, for the use and benefit of the Holders thereof, then upon such deposit all such Bonds shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds so deposited, and such Bonds shall be deemed not to be outstanding thereunder; and from and after such redemption date or maturity, interest on such Bonds so called for redemption shall cease to accrue.

Supplemental Indentures

The Authority and the Trustee may enter into such supplemental indentures as shall by them be deemed necessary or desirable for any one or more of the following purposes, among others:

(a) to correct the description of any property conveyed or pledged by the Indenture or intended so to be, or to assign, convey, pledge or transfer and set over to the Trustee additional property for the benefit and security of the Holders and owners of all Bonds under the Indenture;

(b) to add to the covenants and agreements of the Authority or to surrender any right or power reserved to or conferred upon the Authority;

(c) to evidence the succession of any other department, agency, body or corporation to the Authority;

(d) to cure any ambiguity or to correct or supplement any defective or inconsistent provision contained in the Indenture or in any supplemental indentures or to make such other provisions in regard to matters or questions arising under the Indenture or any supplemental indenture as the Authority may deem necessary or desirable and which shall not be inconsistent with the provisions of the Indenture or any supplemental indenture and which shall not impair the security of the same; and

(e) to create a series of and authorize Additional Bonds.

In addition and subject to the provisions set forth below, the Holders of not less than 65% in aggregate principal amount of the Bonds under the Indenture then outstanding shall have the right to consent to and approve such supplemental indentures as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions of the Indenture or in any supplemental indenture; provided, however, that such provision shall not be construed as permitting without the consent of the Holders of all such Bonds (a) an extension of the maturity of any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by the Indenture (except for Additional Bonds as provided in Section 2.09 of the Indenture), or (d) a preference or priority of any Bond over any other, or (e) a reduction in the aggregate principal amount of the Bonds the Holders of which are required to consent to such supplemental indenture or the Loan Agreement as set forth in the Indenture.

Amendments to the Loan Agreement

The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, consent to and (if requested) execute any amendment, change or modification of the Loan Agreement as may be required (a) by the provisions of the Loan Agreement or Indenture, or (b) for the purpose of curing any ambiguity or formal defect or omission, or (c) so as to add additional rights acquired in accordance with the provisions of the Loan Agreement or (d) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders of the Bonds.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee may consent to any amendment, change or modification of the Loan Agreement without the written approval or consent of the Holders of not less than 65% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the loan repayments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

The Bonds shall be fully registered as to principal and interest at the principal corporate trust office of the Trustee, which shall also perform the functions of registrar and paying agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Holder or his authorized attorney satisfactory to the Trustee subject to such reasonable regulations as the Trustee may prescribe and shall be without expense to the Holder, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for a new Bond or Bonds of the same series, aggregate principal amount, maturity and basic interest rate of any authorized denominations. Payment of principal will be at the principal corporate trust office of the Trustee and interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Trustee.

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UNIVERSITY OF ST. THOMAS

SAINT PAUL, MINNESOTA

REPORT ON AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1991

UNIVERSITY OF ST. THOMAS

STATEMENT OF CHANGES IN FUND BALANCES

for the year ended June 30, 1991
(with comparative totals for 1990)

1990 Total (as restated)	1991 Total		Current Funds Unrestricted	Current Funds Restricted	Loan Funds	Endowment and Similar Funds	Plant Funds Unexpended	Plant Funds Debt Retirements, Renewals and Replacements	Plant Funds Investment in Plant
		Revenues and other additions:							
$ 47,885,876	$ 53,968,397	Tuition and fees	$53,968,397						
4,078,345	4,981,384	State grants and contracts		$ 4,981,384					
1,997,882	2,255,796	Federal grants and contracts		2,237,141	$ 18,655				
8,020,957	8,700,652	Private gifts, grants and bequests	1,434,189	2,453,390		$ 1,493,318	$ 3,283,926		$ 35,829
4,687,052	4,526,043	Endowment income	2,868,849	1,654,172			3,022		
1,592,957	1,700,458	Investment income	979,060	30,005		60,638	222,541	$ 408,214	
12,765,783	12,997,413	Sales and services of educational enterprises	12,997,413						
11,419,302	12,407,915	Sales and services of auxiliary enterprises and independent operations	12,407,915						
6,158,919	17,172,166	Expended for plant facilities (including $580,109 charged to current fund expenditures and $878,143 related to debt financing costs)							17,172,166
2,126,673	2,411,823	Retirement of indebtedness							2,411,823
1,824,080	2,264,339	Other revenue	1,275,328	841,897	102,116		44,998		
7,867,234	3,387,439	Net realized gains on investments				3,387,121	318		
	10,269,000	Proceeds expended from long-term debt					10,269,000		
110,425,060	137,042,825	Total revenues and other additions	85,931,151	12,197,989	120,771	4,941,077	13,823,805	408,214	19,619,818
		Expenditures and other deductions:							
69,578,934	77,773,156	Educational and general	66,903,031	10,743,240					126,885
8,869,379	9,438,062	Auxiliary enterprises and independent operations	9,438,062						
178,128	91,880	Loan expenses and cancellations			91,880				
5,688,615	15,793,904	Expended for plant facilities					15,699,286	94,618	
	878,143	Expended for debt financing costs					878,143		
4,784,045	4,737,580	Depreciation of plant facilities							4,737,580
2,126,673	2,411,823	Retirement of indebtedness						2,411,823	
2,966,233	3,181,660	Interest on indebtedness						3,181,660	
	10,269,000	Borrowings							10,269,000
	112,320	Disposal of fixed assets, net							112,320
	2,000,000	Expended to establish Aquinas Foundation	1,775,374			224,626			
159,316	220,279	Other				220,279			
94,351,323	126,907,807	Total expenditures and other deductions	78,116,467	10,743,240	91,880	444,905	16,577,429	5,688,101	15,245,785
		Interfund transfers, additions (deductions):							
		Mandatory:							
		Principal and interest	(4,997,166)					4,997,166	
		Renewals and replacements	(27,750)					27,750	
		Student loan funds	(2,073)		2,073				
		Nonmandatory:							
		Endowment funds	824,035			(824,035)			
		Plant funds	(3,954,418)				3,954,418		
		Restricted funds	390,807	(890,807)			500,000		
		Total transfers	(7,766,565)	(890,807)	2,073	(824,035)	4,454,418	5,024,916	
16,073,737	10,135,018	Net increase (decrease) in fund balances	48,119	563,942	30,964	3,672,137	1,700,794	(254,971)	4,374,033
126,471,502	142,545,239	Fund balances, beginning of year, as restated	442,280	2,239,973	3,821,596	84,831,896	6,094,578	1,051,788	44,063,128
$142,545,239	$152,680,257	Fund balances, end of year	$ 490,399	$ 2,803,915	$3,852,560	$88,504,033	$ 7,795,372	$ 796,817	$48,437,161

The accompanying notes are an integral part of the financial statements.

UNIVERSITY OF ST. THOMAS

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

for the year ended June 30, 1991
(with comparative totals for 1990)

1990 Total	1991 Total		Current Funds Unrestricted	Current Funds Restricted
		Revenue:		
$47,885,876	$53,968,397	Tuition and fees	$53,968,397	
4,078,345	4,981,384	State grants and contracts		$ 4,981,384
1,952,733	2,237,141	Federal grants and contracts		2,237,141
2,857,254	3,274,727	Private gifts, grants and bequests	1,434,189	1,840,538
4,687,052	4,523,021	Endowment income	2,868,849	1,654,172
1,112,086	1,009,065	Investment income	979,060	30,005
12,765,783	12,997,413	Sales and services of educational enterprises	12,997,413	
11,419,302	12,407,915	Sales and services of auxiliary enterprises and independent operations	12,407,915	
1,226,513	1,275,328	Other revenue	1,275,328	
87,984,944	96,674,391	Total revenue	85,931,151	10,743,240
		Expenditures and mandatory transfers:		
		Education and general:		
22,140,061	25,018,556	Instruction	23,884,981	1,133,575
11,994,526	12,651,731	Educational enterprises	11,674,895	976,836
4,315,010	4,506,498	Academic support	3,989,885	516,613
5,151,588	6,141,583	Student services	5,603,478	538,105
9,656,439	10,997,571	Institutional support	10,801,060	196,511
5,544,734	6,071,352	Operation and maintenance of plant	6,052,146	19,206
10,657,123	12,258,980	Student aid	4,896,586	7,362,394
69,459,481	77,646,271	Educational and general expenditures	66,903,031	10,743,240
		Mandatory transfers:		
2,245,010	2,248,381	Principal and interest	2,248,381	
5,017	2,073	Student loan funds	2,073	
71,709,508	79,896,725	Total educational and general	69,153,485	10,743,240

UNIVERSITY OF ST. THOMAS

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES, Continued

for the year ended June 30, 1991
(with comparative totals for 1990)

1990 Total	1991 Total		Current Funds Unrestricted	Current Funds Restricted
		Auxiliary enterprises and independent operations:		
$ 8,869,379	$ 9,438,062	Expenditures	$ 9,438,062	
		Mandatory transfers for:		
2,646,394	2,748,785	Principal and interest	2,748,785	
27,750	27,750	Renewal and replacement	27,750	
11,543,523	12,214,597	Total auxiliary enterprises and independent operations	12,214,597	
	1,775,374	Expended to establish Aquinas Foundation	1,775,374	
83,253,031	93,886,696	Total current expenditures and mandatory transfers	83,143,456	$10,743,240
		Other transfers and additions (deductions):		
480,943	1,454,749	Excess of restricted receipts over transfers to revenue		1,454,749
(5,296,261)	(3,630,383)	Transfers among funds	(2,739,576)	(890,807)
$ (83,405)	$ 612,061	Net increase (decrease) in fund balances	$ 48,119	$ 563,942

The accompanying notes are an integral part of the financial statements.

UNIVERSITY OF ST. THOMAS

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

ACCOUNTING BASIS:

The financial statements of the University of St. Thomas (the University), formerly known as the College of St. Thomas, have been prepared on the accrual basis. The statement of current funds revenues, expenditures and other changes is a statement of certain financial activities of current funds related to the current reporting period. It does not purport to present net income for the period.

To the extent that current funds are used to finance property and equipment, the amounts so provided are accounted for as (1) expenditures; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; or (3) nonmandatory transfers.

FUND ACCOUNTING:

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained in accordance with the principles of "fund accounting." This is a method by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the Board of Trustees. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the Board of Trustees retains full control over use in achieving any of its institutional purposes.

All gains and losses arising from the sale, or other disposition of investments and other noncash assets and ordinary income derived from investments, receivables and the like, are accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds, which is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds.

1. Summary of Significant Accounting Policies, continued:

FUND ACCOUNTING, continued:

Unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, appropriations, endowment income and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes. Pledges are not recognized as revenue until received.

The unrestricted current fund also includes the accounts of The Catholic Publishing Center, a division of the University. All significant interfund balances and transactions have been eliminated.

The endowment and similar funds group consists of endowments, quasi-endowments and life income funds. Endowment funds are funds which donors have stipulated are to be maintained inviolate and inperpetuity and invested for the purpose of producing income which may either be expended or added to principal. Quasi-endowment funds are amounts internally designated by the Board of Trustees for a specific purpose and may later be designated for other uses at the discretion of the Board. Life income funds consist of funds acquired subject to an agreement whereby assets are made available on the condition that the University pay stipulated amounts to designated individuals until their death.

The University follows an endowment spending policy. The policy authorizes spending of up to a percentage of the moving average market value of most endowment funds. This spending limit was 4% for both fiscal years 1991 and 1990.

INVENTORIES:

Inventories are recorded at the lower of cost or market with cost determined on a first-in, first-out (FIFO) basis. Inventories consist mainly of books and materials in the University book store and The Catholic Publishing Center.

INVESTMENTS IN SECURITIES:

Investments in purchased securities are stated at cost, adjusted where appropriate for amortization of premiums and discounts using the straight-line method. Gifts of investments in securities are recorded at market value at the date of acquisition. Realized gains and losses on sales of investments are determined using the average cost method.

1. Summary of Significant Accounting Policies, continued:

PROPERTY AND EQUIPMENT:

Property and equipment are recorded at cost, except those received as gifts or bequests which are recorded at fair market value at date of gift. Depreciation has been computed on a straight-line basis over the estimated useful lives of buildings (20-60 years), land improvements (15 years), equipment and furniture (5-8 years) and library books (15 years).

Deferred debt financing costs are amortized on a method which approximates the interest method.

DEFERRED SUBSCRIPTION REVENUE:

Subscription revenues are deferred by The Catholic Publishing Center at the time of sale. As magazines are delivered to subscribers, the proportionate share of the subscription price is recognized as revenue.

STUDENT DEPOSITS AND DEFERRED TUITION REVENUE:

Student deposits represent amounts collected from and refundable to students for items such as dormitory deposits. Tuition revenue and prepaid costs for summer school sessions are deferred at the time of payment. Revenue is recognized when the classes have been completed.

INCOME TAXES:

The University qualifies as a tax-exempt nonprofit organization under Section 501(c)3 of the Internal Revenue Code and similar statutes of Minnesota law. Accordingly, income taxes have not been recorded in the accompanying financial statements. The University is subject to unrelated business income tax as further explained in Note 8.

PROCEEDS EXPENDED FROM LONG-TERM DEBT:

Proceeds expended from long-term debt represents funds expended for land and debt financing costs.

DUE TO/FROM OTHER FUNDS:

Interfund borrowings represent temporary advances between funds which are expected to be repaid within a short period of time. At June 30, 1991, interfund borrowings include approximately $3,600,000 advanced from quasi-endowment funds to unexpended plant funds for costs associated with construction of the O'Shaughnessy-Frey Library Center. These advances are expected to be repaid as pledges are received.

2. Restatement of Investment in Plant Fund Balance:

The University has adopted depreciation for all long-lived tangible assets in 1991. The new method of accounting was adopted to conform with Statement of Financial Accounting Standards No. 93, which requires depreciation for all not-for-profit enterprises. The financial statements of prior years have been restated to apply the new method retroactively. The effect of the change was to decrease the change in the invested-in plant fund balance by $4,737,580 in 1991 and $4,784,045 in 1990, and to reduce the balance of funds invested in plant at July 1, 1989, by $26,969,066 to recognize the cumulative effect of depreciation.

3. Investments in Securities:

Investments in securities consists of the following:

	June 30, 1991 Carrying Amount	June 30, 1991 Market Value	June 30, 1990 Carrying Amount	June 30, 1990 Market Value
Cash and equivalents	$ 26,186,231	$ 26,186,231	$ 17,757,473	$ 17,757,473
Corporate stocks	52,320,600	54,602,944	47,803,097	52,979,253
Corporate bonds	4,004,198	3,883,018	6,921,540	6,918,564
Government securities	36,655,935	37,275,000	27,094,758	27,235,495
Other	478,421	430,021	508,421	424,921
	$119,645,385	$122,377,214	$100,085,289	$105,315,706

Investments in securities are reflected in the following funds:

	June 30, 1991 Carrying Amount	June 30, 1991 Market Value	June 30, 1990 Carrying Amount	June 30, 1990 Market Value
Current unrestricted funds	$ 13,088,779	$ 13,698,439	$ 12,766,305	$ 12,919,072
Current restricted funds	62,059	62,059	195,528	195,528
Endowment and similar funds	83,670,105	85,522,298	83,418,742	88,207,645
Plant funds	22,824,442	23,094,418	3,704,714	3,993,461
	$119,645,385	$122,377,214	$100,085,289	$105,315,706

4. Pledges:

Pledges are not recognized as revenue until received. At June 30, 1991, the University had outstanding pledges and bequests of approximately $26,400,000 and $5,500,000, respectively, which are restricted mainly to scholarships, academic instruction and building construction and renovation purposes.

Scheduled future receipts from the pledges at June 30, 1991 are as follows:

Year Ending June 30	Outstanding Pledges
1992	$ 4,300,000
1993	3,000,000
1994	2,700,000
1995	1,800,000
1996	1,100,000
Thereafter	13,500,000
	$26,400,000

No allowance for potentially uncollectible pledges has been determined.

5. Property and Equipment Construction in Progress:

In 1991, $9,390,857 was expended to purchase the land for construction of the Minneapolis campus, which is included in land on the balance sheet. Property and equipment projects under construction or in the planning stage at June 30, 1991 consist of the following:

Project	Estimated Total Cost (Unaudited)	Construction in Progress June 30, 1991	To Be Financed By
Minneapolis Campus:			
Building	$15,850,000	$1,003,279	Primarily debt financing
Equipment	2,000,000		
O'Shaughnessy Library addition:			
Building	8,250,000	7,482,309	Gifts
Furniture	400,000	135,197	Current funds
Storm sewer separation	475,000	16,734	Current funds
Other	775,000	202,923	Current funds
	$27,750,000	$8,840,442	

6. Long-Term Debt:

Long-term debt at June 30, 1991 consists of the following:

MHEFA Mortgage Revenue Bonds, Series Three-C, payable through 2016, interest at 5.5% to 7.125%, collateralized by Minneapolis campus land, building, equipment and related revenues, proceeds to be used to construct the downtown Minneapolis campus	$24,405,000
MHEFA Revenue Bonds, Series Two-O, payable through 2008, interest at 6.5% to 7.6%, uncollateralized; proceeds used to finance expansion and renovation of Murray Hall and Brady Education Center, renovation of Grace and Cretin Residences and Service Center, and acquisition of certain real estate and computer equipment	10,550,000
City of Chaska, Minnesota Industrial Development Revenue Bonds, Series 1985, payable through 2010, interest at 7.2% to 8%, collateralized by an irrevocable letter of credit issued by Norwest Bank Minneapolis; as a condition of the letter of credit, the University has pledged as collateral certain U.S. Treasury bonds and notes; proceeds used to acquire Hazeltine Gates building	5,790,000
MHEFA Revenue Bonds, Series Two-I, principal payments beginning in 1995 and ending in 2015, interest rate at 6.5% to 7.5%, uncollateralized; proceeds used to finance additions to Brady and Dowling Halls	5,500,000
MHEFA Revenue Bonds, Series Two-S, payable through 2014, interest at 7.1% to 7.3%, uncollateralized; proceeds used to finance renovation of Grace Residence and Cretin Residence and expansion and remodeling of Binz Refectory	4,355,000
MHEFA Refunding Revenue Bonds, Series 1985-1, payable through 1993, interest at 7.7% to 8.2%, uncollateralized; original bond proceeds used to finance construction of Coughlan Field House and Schoenecker Arena and additions to Gainey Center	3,475,000
Mortgage, payable in monthly installments of $22,417 with a final payment of $1,976,661 in 1995, interest at 10.25%, collateralized by Hazeltine Gates building	2,211,705
Residence Hall Building Bonds, 1978, MHEFA First Mortgage Revenue Bonds, Series X, payable annually through 1999, interest at 6.2% to 6.5%, collateralized by John Paul II Residence Hall and related net revenues as well as by guarantee of the University	1,410,000

6. Long-Term Debt, continued:

Academic Building Bonds, 1969, payable annually through 2009, interest at 3%, collateralized by O'Shaughnessy Educational Center building	$ 857,000
Dormitory Bonds, 1967, payable annually through 2017, interest at 3%, collateralized by Brady Hall building and related net revenues	745,000
MHEFA Pooled Revenue Bonds, Series 1983-A, payable through 1991, interest at 8.5%, uncollateralized; proceeds used to finance various projects	547,897
Mortgage, payable in monthly installments of $10,681 through 1995, interest at 10%, collateralized by Peavey Hall	425,128
Dormitory Bonds, 1978, MHEFA Mortgage Revenue Bonds, Series U, payable annually through 2000, interest at 5.4% to 5.9%, collateralized by Murray Hall Dormitory and related net revenues under a second mortgage lien	440,000
Contract for Deed, payable in monthly installments of $3,600 through August 1, 1992 with a balloon payment of $475,000 including accrued interest on August 1, 1992, interest at 10%, collateralized by Grand Avenue Apartments	450,808
Dormitory Bonds, 1957, payable annually through 1997, interest at 2-7/8%, collateralized by Ireland and Dowling dormitory buildings and related net revenues	330,000
Faculty Residence Revenue Bonds, 1975, MHEFA First Mortgage Revenue Bonds, Series K, payable annually through 1994, interest at 6.75% to 6.9%, collateralized by Faculty Residence building	240,000
Mortgage, payable in monthly installments of $307 through January 2007, interest at 8%, collateralized by Quadna townhouse	32,721
	$61,765,259

The University is obligated to make payments to designated bond reserve funds for most of the outstanding bonds. Some of these reserve funds are administered by the University and the remainder are administered by outside trustees.

6. Long-Term Debt, continued:

Payments required of principal, interest and amounts to be paid to repair and replacement reserve accounts for the succeeding five fiscal years are summarized as follows:

Year Ending June 30	Principal	Interest	Repair and Replacement
1992	$2,637,946	$4,276,693	$27,750
1993	2,719,566	4,066,994	27,750
1994	2,816,142	3,874,906	27,750
1995	1,739,556	3,717,414	27,750
1996	3,659,113	3,506,501	27,750

7. Retirement Benefits:

Retirement benefits are provided for the full-time salaried employees through Teachers Insurance and Annuity Association (TIAA), a national organization which funds pension benefits for educational institutions. Under this arrangement, the University makes annual contributions to TIAA to purchase individual annuities equivalent to retirement benefits earned. Contributions paid by the University for these benefits were $2,030,405 and $1,747,795 for 1991 and 1990, respectively.

Retirement benefits are provided for other employees under a multi-employer retirement plan administered by the Archdiocese of St. Paul and Minneapolis. Contributions are made solely by the University. Contributions, at a minimum, are to fund normal costs of benefits to be paid as actuarially determined. Contributions charged to current unrestricted fund expenditures amounted to $284,977 and $219,987 for 1991 and 1990, respectively. Actuarial information for the individual participating entities is not available.

8. Income Taxes:

The University is generally exempt from income taxes. Certain advertising and list rental income is subject to unrelated business income tax. Related to this advertising and list rental activity, the University has net operating loss carryforwards of approximately $5,000,000 at June 30, 1991 which expire in fiscal years 1992 through 2006.

9. Commitments and Contingencies:

In connection with the issuance of the Series Three-C MHEFA Mortgage Revenue Bonds during fiscal 1991, the University entered into a redevelopment contract with the Minneapolis Community Development Agency (the Agency). Under terms of the contract, the University has committed to provide eight full-term (4 year) scholarships each year (for a maximum of 32 scholarships at any one time) to eligible students through 2017. The Agency has provided the University a $9.2 million Revenue Note, payment of which is contingent upon the receipt of certain tax revenues by the City of Minneapolis (the City). Any proceeds received by the University on the Revenue Notes in excess of the value of the scholarships provided are to be repaid to the City in the form of either additional scholarships, services, or cash, at the discretion of the City. The Revenue Note has not been recorded as an asset by the University due to the contingent nature of Agency payments on the note.

Also in connection with the issuance of the Series Three-C MHEFA Mortgage Revenue Bonds, the University has agreed to deposit all gifts designated for construction of the Minneapolis campus and received after December 31, 1992 with the bond's trustee.

At June 30, 1991, the University was committed to purchase certain futures contracts totaling approximately $3.4 million. The commitment was closed after fiscal year end at no loss to the University.

10. Establishment of the Aquinas Foundation:

In fiscal 1991, the University authorized a $2,000,000 contribution to establish the Aquinas Foundation, a nonprofit corporation. The Foundation was established to contribute to and support religious and educational activities of the University. Contributions received by the Foundation, including those from the University, are to be used at the discretion of the Foundation's Board of Governors. At June 30, 1991, the contribution to the Foundation had not been paid and is included in deposits held for others on the balance sheet.

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OFFICIAL BID FORM

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 450, Galtier Plaza
175 East Fifth Street
Saint Paul, MN 55101

SALE DATE: March 25, 1992

RE: $10,200,000 Revenue Bonds, Series Three-I (University of St. Thomas)

Offer

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $____________________ (Note: This amount may not be less than $10,080,000) and accrued interest to the date of delivery.

_________% 1993	_________% 1997	_________% 2001
_________% 1994	_________% 1998	_________% 2002
_________% 1995	_________% 1999	_________% 2003
_________% 1996	_________% 2000	

In making this offer we accept all of the Terms and Conditions of Contract of Sale set forth on the reverse side of this Official Bid Form which are hereby incorporated by reference, including the provisions of the Official Terms of Offering published in the Official Statement dated March 11, 1992. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $________________________

NET EFFECTIVE RATE: _____________ %

Account Members

____
Account Manager

BY: ______________________________

Acceptance

The foregoing offer to purchase the Bonds at the price and interest rates set forth above and the Terms and Conditions of Contract of Sale set forth on the reverse side hereof is hereby accepted by the Issuer by its following officer, who is duly authorized and empowered to make such acceptance.

Dated: March 25, 1992

____
Executive Director

Received good faith check for return to bidder.
SPRINGSTED Incorporated by _________

TERMS AND CONDITIONS OF CONTRACT OF SALE

The bidders (the "Bidders-Underwriters") named on the face of this Official Bid Form and the Minnesota Higher Education Facilities Authority (the "Issuer"), by signing the forms of Offer and Acceptance respectively thereon and delivering the Official Bid Form, respectively agree to purchase and sell the Bonds of the issue described in the Official Bid Form and the Official Statement described therein, subject to the following:

1. Within two (2) business days following the date of Acceptance by the Issuer, the Bidders-Underwriters shall deliver to the Issuer or to Springsted Incorporated a schedule of reoffering yields and prices for the Bonds of each maturity of the issue. If the Bidders-Underwriters shall fail to deliver the reoffering schedule within two (2) business days following the Issuer's Acceptance, or such longer period as shall be acceptable to the Issuer, the Issuer shall have the right by written notice to the Bidders-Underwriters to terminate this Contract of Sale and retain as liquidated damages the amount of the check of the Bidders-Underwriters delivered to the issuer as required by the Official Terms of Offering (the "Good Faith Deposit").

2. The Authority represents that, prior to the award of sale of the Bonds, the Bonds have been registered for sale at a price not greater than 102% pursuant to an Order of Registration issued by the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes (the "Minnesota Securities Act"). The Bidders-Underwriters agree not to sell any of the Bonds in Minnesota at a price or prices higher than 102% without first having obtained an amendment to the Order of Registration permitting the sale of the Bonds at such higher price or prices, provided that this provision shall not prevent the sale of Bonds at higher prices in secondary market trading to the extent permitted by the Minnesota Securities Act. Until such time as the Department enters and makes effective such an amendment to the Order of Registration, the Bidders-Underwriters may make an "offer" but agree not to make a "sale" (including any contract to sell) of any Bonds to their customers, as such terms are defined in the Minnesota Securities Act, at prices greater than 102%. Without limiting the generality of the foregoing, the Bidders-Underwriters agree not to mail or deliver any confirmations to customers or request the payment of funds from customers with respect to any Bonds reoffered at prices greater than 102% until such time as such amendment to the Order of Registration is effective.

3. After the award of sale of the Bonds, the Issuer or Springsted Incorporated as the Issuer's Financial Advisor shall prepare an addendum to the Official Statement specifying the names of the Bidders-Underwriters and the maturity dates, principal amounts, interest rates, reoffering prices and yields of the Bonds, together with any other information required by law, and such Official Statement, as supplemented, shall constitute a Final Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission. If the Bidders-Underwriters have complied with the provisions of paragraph (1) above, the Issuer shall deliver to the Bidders-Underwriters c/o the Account Manager (defined below) within seven (7) business days after the date of the Issuer's Acceptance 250 copies of such Final Official statement for the Bidders-Underwriters in order to comply with Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board. The Issuer hereby designates the Account Manager as its agent for purposes of distributing copies of the Final Official statement to each Bidder-Underwriter named on the Official Bid Form (the "Participating Underwriters"). The Account Manager hereby agrees that (i) it shall accept such designation as agent of the Authority for such purposes and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement. "Account Manager" shall mean the Bidder-Underwriter designated as such on the Official Bid Form or (if none is designated) the Bidder-Underwriter who the Authority believes has signed the Official Bid Form on behalf of the Bidders-Underwriters.

4. For as long as the Bidders-Underwriters are required to furnish copies of the Final Official Statement to potential customers under SEC Rule 15c2-12, the Issuer shall promptly give written notice to the Bidders-Underwriters c/o the Account Manager of any material misstatement in or omission from (as defined below) the information in the Final Official Statement made known to the Issuer or of which the Issuer becomes aware, including a copy of any notice of material misstatement or omission received from the Institution named in the Official Statement as required by the Bond Sale Agreement entered into between the Authority and the Institution in connection with the sale of the Bonds, and the Bidders-Underwriters shall promptly furnish the Issuer written notice of any material misstatement or omission made known to the Bidders-Underwriters (or any of the Bidders-Underwriters) or of which the Bidders-Underwriters (or any of them) become aware. The Issuer and the Bidders-Underwriters respectively agree to prepare and (to the extent reasonably possible) agree upon a sticker or other supplemental information to accompany the Final Official Statement (a "Sticker") to remedy the material misstatement or omission. The Bidders-Underwriters agree not to provide a Final Official Statement to any person after any material misstatement or omission in the final Official Statement is made known to the Bidders- Underwriters (or any of them) or of which the Bidders-Underwriters (or any of them) become aware without having attached a Sticker which (a) the Issuer and the Bidders-Underwriters have approved or (b) which the Bidders-Underwriters have approved and have filed with the Department and to which the Department has not objected. As used in this paragraph, a "material misstatement or omission" refers to any untrue statement of material fact in the Final Official Statement or the omission of any material fact from the Final Official Statement which makes the statements made therein, in light of the circumstances under which they were made, misleading, whether or not such material misstatement or omission arises from a change of circumstance after the date of the Final Official Statement.

5. If the Bidders-Underwriters represent by letter to the Issuer that they are purchasing the Bonds for investment and not with a view to redistribution thereof, the provisions of paragraphs 1 through 4 of these Terms and Conditions of Contract for Sale shall not apply.

OFFICIAL BID FORM

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 450, Galtier Plaza
175 East Fifth Street
Saint Paul, MN 55101

SALE DATE: March 25, 1992

RE: $10,200,000 Revenue Bonds, Series Three-I (University of St. Thomas)

Offer

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $____________________ (Note: This amount may not be less than $10,080,000) and accrued interest to the date of delivery.

________% 1993	________% 1997	________% 2001
________% 1994	________% 1998	________% 2002
________% 1995	________% 1999	________% 2003
________% 1996	________% 2000	

In making this offer we accept all of the Terms and Conditions of Contract of Sale set forth on the reverse side of this Official Bid Form which are hereby incorporated by reference, including the provisions of the Official Terms of Offering published in the Official Statement dated March 11, 1992. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $____________________

NET EFFECTIVE RATE: ____________ %

Account Members

____
Account Manager

BY: ____________________

Acceptance

The foregoing offer to purchase the Bonds at the price and interest rates set forth above and the Terms and Conditions of Contract of Sale set forth on the reverse side hereof is hereby accepted by the Issuer by its following officer, who is duly authorized and empowered to make such acceptance.

Dated: March 25, 1992

____
Executive Director

Received good faith check for return to bidder.
SPRINGSTED Incorporated by ________

TERMS AND CONDITIONS OF CONTRACT OF SALE

The bidders (the "Bidders-Underwriters") named on the face of this Official Bid Form and the Minnesota Higher Education Facilities Authority (the "Issuer"), by signing the forms of Offer and Acceptance respectively thereon and delivering the Official Bid Form, respectively agree to purchase and sell the Bonds of the issue described in the Official Bid Form and the Official Statement described therein, subject to the following:

1. Within two (2) business days following the date of Acceptance by the Issuer, the Bidders-Underwriters shall deliver to the Issuer or to Springsted Incorporated a schedule of reoffering yields and prices for the Bonds of each maturity of the issue. If the Bidders-Underwriters shall fail to deliver the reoffering schedule within two (2) business days following the Issuer's Acceptance, or such longer period as shall be acceptable to the Issuer, the Issuer shall have the right by written notice to the Bidders-Underwriters to terminate this Contract of Sale and retain as liquidated damages the amount of the check of the Bidders-Underwriters delivered to the issuer as required by the Official Terms of Offering (the "Good Faith Deposit").

2. The Authority represents that, prior to the award of sale of the Bonds, the Bonds have been registered for sale at a price not greater than 102% pursuant to an Order of Registration issued by the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes (the "Minnesota Securities Act"). The Bidders-Underwriters agree not to sell any of the Bonds in Minnesota at a price or prices higher than 102% without first having obtained an amendment to the Order of Registration permitting the sale of the Bonds at such higher price or prices, provided that this provision shall not prevent the sale of Bonds at higher prices in secondary market trading to the extent permitted by the Minnesota Securities Act. Until such time as the Department enters and makes effective such an amendment to the Order of Registration, the Bidders-Underwriters may make an "offer" but agree not to make a "sale" (including any contract to sell) of any Bonds to their customers, as such terms are defined in the Minnesota Securities Act, at prices greater than 102%. Without limiting the generality of the foregoing, the Bidders-Underwriters agree not to mail or deliver any confirmations to customers or request the payment of funds from customers with respect to any Bonds reoffered at prices greater than 102% until such time as such amendment to the Order of Registration is effective.

3. After the award of sale of the Bonds, the Issuer or Springsted Incorporated as the Issuer's Financial Advisor shall prepare an addendum to the Official Statement specifying the names of the Bidders-Underwriters and the maturity dates, principal amounts, interest rates, reoffering prices and yields of the Bonds, together with any other information required by law, and such Official Statement, as supplemented, shall constitute a Final Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission. If the Bidders-Underwriters have complied with the provisions of paragraph (1) above, the Issuer shall deliver to the Bidders-Underwriters c/o the Account Manager (defined below) within seven (7) business days after the date of the Issuer's Acceptance 250 copies of such Final Official statement for the Bidders-Underwriters in order to comply with Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board. The Issuer hereby designates the Account Manager as its agent for purposes of distributing copies of the Final Official statement to each Bidder-Underwriter named on the Official Bid Form (the "Participating Underwriters"). The Account Manager hereby agrees that (i) it shall accept such designation as agent of the Authority for such purposes and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement. "Account Manager" shall mean the Bidder-Underwriter designated as such on the Official Bid Form or (if none is designated) the Bidder-Underwriter who the Authority believes has signed the Official Bid Form on behalf of the Bidders-Underwriters.

4. For as long as the Bidders-Underwriters are required to furnish copies of the Final Official Statement to potential customers under SEC Rule 15c2-12, the Issuer shall promptly give written notice to the Bidders-Underwriters c/o the Account Manager of any material misstatement in or omission from (as defined below) the information in the Final Official Statement made known to the Issuer or of which the Issuer becomes aware, including a copy of any notice of material misstatement or omission received from the Institution named in the Official Statement as required by the Bond Sale Agreement entered into between the Authority and the Institution in connection with the sale of the Bonds, and the Bidders-Underwriters shall promptly furnish the Issuer written notice of any material misstatement or omission made known to the Bidders-Underwriters (or any of the Bidders-Underwriters) or of which the Bidders-Underwriters (or any of them) become aware. The Issuer and the Bidders-Underwriters respectively agree to prepare and (to the extent reasonably possible) agree upon a sticker or other supplemental information to accompany the Final Official Statement (a "Sticker") to remedy the material misstatement or omission. The Bidders-Underwriters agree not to provide a Final Official Statement to any person after any material misstatement or omission in the final Official Statement is made known to the Bidders- Underwriters (or any of them) or of which the Bidders-Underwriters (or any of them) become aware without having attached a Sticker which (a) the Issuer and the Bidders-Underwriters have approved or (b) which the Bidders-Underwriters have approved and have filed with the Department and to which the Department has not objected. As used in this paragraph, a "material misstatement or omission" refers to any untrue statement of material fact in the Final Official Statement or the omission of any material fact from the Final Official Statement which makes the statements made therein, in light of the circumstances under which they were made, misleading, whether or not such material misstatement or omission arises from a change of circumstance after the date of the Final Official Statement.

5. If the Bidders-Underwriters represent by letter to the Issuer that they are purchasing the Bonds for investment and not with a view to redistribution thereof, the provisions of paragraphs 1 through 4 of these Terms and Conditions of Contract for Sale shall not apply.

OFFICIAL BID FORM

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 450, Galtier Plaza
175 East Fifth Street
Saint Paul, MN 55101

SALE DATE: March 25, 1992

RE: $10,200,000 Revenue Bonds, Series Three-I (University of St. Thomas)

Offer

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $____________________ (Note: This amount may not be less than $10,080,000) and accrued interest to the date of delivery.

__________% 1993	__________% 1997	__________% 2001
__________% 1994	__________% 1998	__________% 2002
__________% 1995	__________% 1999	__________% 2003
__________% 1996	__________% 2000	

In making this offer we accept all of the <u>Terms and Conditions of Contract of Sale</u> set forth on the reverse side of this Official Bid Form which are hereby incorporated by reference, including the provisions of the Official Terms of Offering published in the <u>Official Statement</u> dated March 11, 1992. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the <u>Official Statement</u> and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $________________________

NET EFFECTIVE RATE: ______________ %

<u>Account Members</u>

____
Account Manager

BY: ____________________________

Acceptance

The foregoing offer to purchase the Bonds at the price and interest rates set forth above and the Terms and Conditions of Contract of Sale set forth on the reverse side hereof is hereby accepted by the Issuer by its following officer, who is duly authorized and empowered to make such acceptance.

Dated: March 25, 1992

____
Executive Director

Received good faith check for return to bidder.
SPRINGSTED Incorporated by __________

TERMS AND CONDITIONS OF CONTRACT OF SALE

The bidders (the "Bidders-Underwriters") named on the face of this Official Bid Form and the Minnesota Higher Education Facilities Authority (the "Issuer"), by signing the forms of Offer and Acceptance respectively thereon and delivering the Official Bid Form, respectively agree to purchase and sell the Bonds of the issue described in the Official Bid Form and the Official Statement described therein, subject to the following:

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2. The Authority represents that, prior to the award of sale of the Bonds, the Bonds have been registered for sale at a price not greater than 102% pursuant to an Order of Registration issued by the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes (the "Minnesota Securities Act"). The Bidders-Underwriters agree not to sell any of the Bonds in Minnesota at a price or prices higher than 102% without first having obtained an amendment to the Order of Registration permitting the sale of the Bonds at such higher price or prices, provided that this provision shall not prevent the sale of Bonds at higher prices in secondary market trading to the extent permitted by the Minnesota Securities Act. Until such time as the Department enters and makes effective such an amendment to the Order of Registration, the Bidders-Underwriters may make an "offer" but agree not to make a "sale" (including any contract to sell) of any Bonds to their customers, as such terms are defined in the Minnesota Securities Act, at prices greater than 102%. Without limiting the generality of the foregoing, the Bidders-Underwriters agree not to mail or deliver any confirmations to customers or request the payment of funds from customers with respect to any Bonds reoffered at prices greater than 102% until such time as such amendment to the Order of Registration is effective.

3. After the award of sale of the Bonds, the Issuer or Springsted Incorporated as the Issuer's Financial Advisor shall prepare an addendum to the Official Statement specifying the names of the Bidders-Underwriters and the maturity dates, principal amounts, interest rates, reoffering prices and yields of the Bonds, together with any other information required by law, and such Official Statement, as supplemented, shall constitute a Final Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission. If the Bidders-Underwriters have complied with the provisions of paragraph (1) above, the Issuer shall deliver to the Bidders-Underwriters c/o the Account Manager (defined below) within seven (7) business days after the date of the Issuer's Acceptance 250 copies of such Final Official statement for the Bidders-Underwriters in order to comply with Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board. The Issuer hereby designates the Account Manager as its agent for purposes of distributing copies of the Final Official statement to each Bidder-Underwriter named on the Official Bid Form (the "Participating Underwriters"). The Account Manager hereby agrees that (i) it shall accept such designation as agent of the Authority for such purposes and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement. "Account Manager" shall mean the Bidder-Underwriter designated as such on the Official Bid Form or (if none is designated) the Bidder-Underwriter who the Authority believes has signed the Official Bid Form on behalf of the Bidders-Underwriters.

4. For as long as the Bidders-Underwriters are required to furnish copies of the Final Official Statement to potential customers under SEC Rule 15c2-12, the Issuer shall promptly give written notice to the Bidders-Underwriters c/o the Account Manager of any material misstatement in or omission from (as defined below) the information in the Final Official Statement made known to the Issuer or of which the Issuer becomes aware, including a copy of any notice of material misstatement or omission received from the Institution named in the Official Statement as required by the Bond Sale Agreement entered into between the Authority and the Institution in connection with the sale of the Bonds, and the Bidders-Underwriters shall promptly furnish the Issuer written notice of any material misstatement or omission made known to the Bidders-Underwriters (or any of the Bidders-Underwriters) or of which the Bidders-Underwriters (or any of them) become aware. The Issuer and the Bidders-Underwriters respectively agree to prepare and (to the extent reasonably possible) agree upon a sticker or other supplemental information to accompany the Final Official Statement (a "Sticker") to remedy the material misstatement or omission. The Bidders-Underwriters agree not to provide a Final Official Statement to any person after any material misstatement or omission in the final Official Statement is made known to the Bidders- Underwriters (or any of them) or of which the Bidders-Underwriters (or any of them) become aware without having attached a Sticker which (a) the Issuer and the Bidders-Underwriters have approved or (b) which the Bidders-Underwriters have approved and have filed with the Department and to which the Department has not objected. As used in this paragraph, a "material misstatement or omission" refers to any untrue statement of material fact in the Final Official Statement or the omission of any material fact from the Final Official Statement which makes the statements made therein, in light of the circumstances under which they were made, misleading, whether or not such material misstatement or omission arises from a change of circumstance after the date of the Final Official Statement.

5. If the Bidders-Underwriters represent by letter to the Issuer that they are purchasing the Bonds for investment and not with a view to redistribution thereof, the provisions of paragraphs 1 through 4 of these Terms and Conditions of Contract for Sale shall not apply.